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Consulting and Governmental Relations

July 2, 2024

To: Transportation, Water, and Infrastructure Committee
c/o John Cunningham, TWIC Staff

From: Mark Watts

Re: July 2024 TWIC State Report

I am pleased to provide the following report on activities occurring in the state Capitol, including specifically updated information on legislative and budgetary activities:

Legislature

July 3 is this year's deadline for measures to move out of policy committee and together with the start of the new fiscal year on July 1, June was a busy month for the Legislature.

The Legislature is set to break for their month-long recess starting with the July 4 holiday and will return to Sacramento on August 5 to focus on fiscal (i.e., Appropriations Committee) hearings and wrapping up legislative business for the two-year session by August 31.

ACA 1 and ACA 10

Of all the legislative activity in June, amendments to ACA 10 (Aguiar-Curry & Wicks) to replace ACA 1 (Aguiar-Curry) on the November 2024 ballot has been of particular interest to transportation interests. ACA 1, passed by the Legislature in September 2023, proposed to reduce voter thresholds for local bonds and local sales tax measures for infrastructure purposes to 55%. However, various stakeholder groups – from the transportation construction industry to affordable housing organizations – conducted voter research to determine voter sentiment on the matter. After a series of polls suggested the reduced thresholds for local sales tax measures was less popular than the bond provisions and could lead to ACA 1 failing this fall, the Legislature decided to course correct and limit the constitutional changes to just the bond provisions, much to the dismay of transportation sales tax counties. While only time will tell the ultimate outcome of ACA 10 later this year, recent polling from the PPIC suggests voters are not inclined to borrow money this year, which would also be indicative of their feelings towards making local borrowing easier.

State Budget

On June 22, Governor Gavin Newsom, Senate President pro Tempore Mike McGuire, and Assembly Speaker Robert Rivas, [announced](#) that they had reached [agreement](#) on the 2024-25 state budget. The Legislature approved two budget bills reflecting the final spending agreement

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with the Governor, as well as more than a dozen trailer bills, on June 26. The final budget agreement incorporates a multi-year balanced budget approach across the budget year and 2025-26 based on current revenue and expenditure projections and closes a budget deficit of about \$45 billion and \$30 billion, respectively. (Both houses have issued summaries of the budget agreement: [Senate](#) | [Assembly](#)). As proposed, the Budget Act of 2024 contains a total of \$46.8 billion in solutions for 2024-25:

Key transportation budget highlights include:

- *Active Transportation Program (ATP).* The budget allocates \$100 million General Fund in 2024-25, \$100 million General Fund in 2025-26, and a commitment of another \$400 million General Fund to the ATP through fiscal year 2029-30. Recall, the Governor proposed a \$600 million General Fund reduction to the ATP and the Legislature responded with a proposal to backfill that cut with \$600 million from in State Highway Account (SHA).
- *Transit and Intercity Rail Capital Program (TIRCP) – Formula Funding.* The Budget maintains the \$4 billion for the formula-based Transit and Intercity Rail Capital Program (TIRCP) approved in the Budget Act of 2023, but replaces \$839 million in General Fund with Greenhouse Gas Reduction Funds (GGRF –Cap-and-Trade revenues account) and the allocates the funding based on the appropriation timeline included in the Governor’s January Budget:
 - \$2 billion is appropriated in Fiscal Year 2023-24;
 - \$1 billion is appropriated in Fiscal Year 2024-25;
 - \$1 billion is approved for appropriation in Fiscal Year 2025-26.
- *Zero-Emission Transit Capital Program.* The joint plan maintains the total amount of funding approved in the Budget Act of 2023, but updates the appropriation timeline as follows:
 - \$190 million is appropriated in Fiscal Year 2023-24;
 - \$220 million is appropriated in Fiscal Year 2024-25;
 - \$230 million is approved for appropriation in Fiscal Year 2026-27; and
 - \$460 million is approved for appropriation in Fiscal Year 2027-28.
- *Transit and Intercity Rail Capital Program (TIRCP) – Competitive Funding.* The final spending plan rejects the proposed cut of \$148 million to the Competitive TIRCP contained within the Governor’s May Revise.
- *Grade Separations.* The final budget preserves \$150 million for high-priority grade separations. Recall, the Governor’s May Revise proposed cutting \$350 million for these purposes. Specifically, the 2024 Budget Act will provide \$75 million General Fund in 2025-26 and \$75 million SHA in 2026-27 (all subject to future appropriation) for targeted grade separation projects and prioritizes funding for already awarded grade separations

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projects in existing transportation programs (TIRCP, Trade Corridor Enhancement Program, etc.) through trailer bill.

- *Highways to Boulevards*. Provides \$75 million GGRF for the Highways to Boulevards program (the 2022 Transportation Package originally appropriated \$150 million General Fund).

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APPENDIX

KEY transportation BILL OF NOTE

AB 6 (Friedman): This bill strengthens the authority of the California Air Resources Board over Sustainable Communities Strategies submitted by transportation planning agencies. The measure had been pending since last year in the Senate transportation Committee and was recently amended to update elements of the measure and to prepare for presentation in committee.

Status: *Author dropped in Senate Transportation committee*

AB 7 (Friedman): This bill requires CalSTA, Caltrans, and the CTC, on or after January 1, 2025, to incorporate the goals related to the CAPTI into program funding guidelines and planning processes. Additionally, this bill requires the California Transportation Plan to include a financial element.

Status: *Senate Inactive*

AB 2535 (Bonta): This bill would eliminate general purpose lanes as an eligible use for TCEP under any circumstance and eliminate highway capacity as an eligible use in disadvantaged communities. Should a highway project under TCEP expand the highway footprint in limited instances, the bill would require full mitigation of all environmental impacts.

Status: *Failed Appropriations Committee*

AB 2086 (Schiavo): AB 2086 would require Caltrans to report to the Legislature on how it advanced its Core Four (safety, equity, climate action, and economic prosperity) priorities with the funding that was made available to it in the preceding 5 fiscal years. AB 2086 would also create a new role for the CTC to develop performance targets for the Core Four goals.

Status: *Senate Appropriations*

AB 2290 (Friedman): AB 2290 would, among other things, require a bicycle facility that is identified for a street in an adopted bicycle plan or active transportation plan to be included in a project funded by the program that includes that street. This is of concern for rural counties and areas.

Status: *Senate Appropriations*

SB 960 (Wiener): SB 960 would require all transportation projects funded or overseen by Caltrans to provide “comfortable, convenient, and connected” complete streets facilities unless an exemption is documented and approved. SB 960 would also require the CTC to adopt targets and performance measures related to making progress on complete streets. Finally, SB 960 would require Caltrans to adopt a Transit Priority Project policy for state and local highways.

Status: *Assembly Transportation*