

Mark Watts Advocacy, LLC

May 27, 2025

MEMORANDUM

To: Jamar Stamps

From: Mark Watts

Subject: June 2025 APC Report

I am pleased to provide the following memo to you on developments of interest and administration activities of note in California State government.

Legislature

With **June 6** the deadline for bills to be moved from the house of introduction to the next house, there are several deadlines of interest this month:

June 2 thru June 6 – Floor Session only.

June 9 – Committees may resume.

June 15 – Deadline to pass budget bill.

With the looming deadlines of June 15 (legislative approval) and July 1 (Governor approval) for the state Budget to be enacted, intense discussions are underway. In the policy arena of transportation, enhanced funding for transit is the focus with many transit agencies and supportive organizations seeking to retain and augment Greenhouse Gas Reduction emissions credits auction revenues (GGRF-Greenhouse Gas Reduction Fund).

State Budget

2025-26 May Revise Overview

Governor Newsom initiated his 2025-26 May Revision of the state budget pointing at the federal Administration for economic policies that are afflicting California with resulting and significant uncertainty for budgeteers.

The Governor's May Revision addresses the \$321.9 billion overall budget by closing a lower than earlier projected \$12 billion shortfall with \$5 billion in reductions, \$5.3 billion in borrowing, and \$1.7 billion in fund shifts.

Transportation Budget

Notably, the revised budget makes no significant new funding proposals for transportation programs, leaving intact the Budget Act of 2023's Transportation Package that included significant support from the General Fund for transit programs. As noted above, the Governor's proposed expenditures from the GGRF will influence the funding available to transit operators under SB 125 (Committee on Budget, 2023), including the Zero Emission Transit Capital Program, as well as other transportation and transit funding.

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The May Revision also proposes \$17.6 million one-time from the State Highway Account to support the 2028 Olympic and Paralympic Game in Los Angeles, including facility development, ongoing planning efforts, and rounding out the important work on the Games Route Network project.

Cap-and-Trade

As expected, the May Revision confirmed the Governor's commitment to extend the state's Cap-and-Trade program this year. Accompanying trailer bill language would extend the program through 2045 and rename it as the **Cap-and-Invest** program but leaves open-ended other fiscal adjustments or changes to the expenditure plan for auction proceeds in the Greenhouse Gas Reduction Fund (GGRF).

In one area of specificity, the May Revision seeks to access GGRF to address General Fund shortfalls, including a shift of \$1.54 billion in existing GGRF to backfill General Fund support for CalFIRE for use in fire prevention, fire control, and other resources management activities. This is an ongoing diversion, which would increase to \$1.9 billion annually by FY 2029-30.

The May Revision states Governor Newsom's intent to work with the Legislature to design an expenditure plan while also signaling at least one Cap-and-Invest priority of his own – raising the annual funding amount for the High-Speed Rail (HSR) project. Currently, the HSR project receives 25% of GGRF revenue. The May Revision proposes a flat allocation of \$1 billion annually for HSR on a sure draw, which will have an impact on the availability of funding for other programs.

Cap-and-Trade program Look Back.

GHG emission reduction credit auctions have generated from a 25% share of GGRF revenues has ranged from a low of \$61 million in the first year to a high of \$1.28 billion in 2023-24. The HSR project has received GGRF allocations greater than \$1 billion in each of the last three fiscal years. As a reminder, in addition to HSR, the following programs receive ongoing percentage-based allocations of GGRF revenues under existing law:

- Affordable Housing and Sustainable Communities (20%)
- Transit and Intercity Rail Capitol Program (10%)
- Low Carbon Transit Operations Program (5%)
- Safe and Affordable Drinking Water (5%)

Continued funding for these programs could be in doubt under the proposed May Revision allocations to HSR and CalFire wildfire and forest resiliency programs

Governor Newsom Administration

CalSTA -

In February Governor Newsom announced that CalSTA Undersecretary had been selected to serve as Chief Deputy Director of the High Speed Rail Authority (CHSRA), after five years serving in the Governor's Office and CalSTA. To back fill the position of Undersecretary, it is intended that James Hacker, presently Deputy Cabinet Secretary in the Governor's Office, will fill the vacated position. The timing of this action has not yet been determined.

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Upcoming Key meetings

Transit Transformation Task Force

The next meetings will be consumed with wrapping up comments by Task Force Members and the public with respect to the scope of the anticipated final report.

In addition, the Task Force will also be considering the ways and means to meet transit funding needs as agencies climb out of the revenue shortfalls and ridership changes experienced over the past few years.

Meeting #11

June 10, 2025, 10:00 a.m. to 4:00 p.m.

LA Metro, Metro Board Room

One Gateway Plaza, 3rd Floor

Los Angeles, CA 90012

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2025 Key Bill Tracking

May 29, 2025

BILL	POLICY	DESCRIPTION	STATUS
AB 33 (Aguiar-Curry)	Autonomous Vehicles	Prohibits an autonomous vehicle (AV) without a human operator from delivering commercial goods directly to a residence or to a business for its use or retail sale	Assembly floor for approval
AB 259 (Rubio)	Local Agency Teleconference	Indefinitely extends authority for local agency teleconferences for open meetings.	Senate Local Gov., pending hearing
AB 891 (Zbur)	ATP Quick Builds	Sets new Quick Build pilot within Caltrans for conventional roadway ATP/Bike facilities.	Assembly Floor.
AB 939 (Schultz)	Transportation Bond Act	Authorizes a \$20,000,000,000 State Bond Act to finance transit and passenger rail improvements, local streets and roads and active transportation projects, zero-emission vehicle investments among other items.	Assembly Transportation. 2-year bill
AB 1070 (Ward)	Transit Governing Boards	Would add nonvoting members from transit system users (1) and affiliated labor organizations (1) to each transit district.	Assembly Local Government. 2-year bill.
AB 1421 (Wilson)	Road Charge TAC extension	The bill will become the focus of policy discussion and debate over Road User Charge this year.	Assembly Transportation. 2-year bill
SB 63 (Wiener)	Funding for SF Bay Area	Would create the <i>Transit Revenue Measure District</i> to include SF, Alameda and Contra Costa Counties, allowing it to impose a district tax either directly or by voter initiative.	Senate Floor
SB 71 (Wiener)	Extends current CEQA exemptions indefinitely.	CEQA exemptions for transit and non-motorized transport systems would provide relief from state environmental laws.	Senate Floor
SB 480 (Archuleta)	Autonomous Vehicles (AVs)	Requires “marker lights” to be displayed when AV system is engaged within a vehicle.	Assembly rules, pending referral.
SB 511 (Grayson)(Perez)	Autonomous Vehicles (Avs)	Author changed; new language not public yet.	Senate Public Safety. 2 year bill