

Mark Watts Advocacy, LLC

May 5, 2025

MEMORANDUM

To: Jamar Stamps

From: Mark Watts

Subject: May 2025 Report

I am pleased to provide the following memo to you on developments of interest and administration activities of note in California State government. Some items occurred in late April 2025, after the recent monthly report had been submitted, and are covered here.

Legislature

Timeline

As we approach summer, it is worth noting the impending deadlines for legislative action. 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:

May 2 – last day for bills keyed fiscal to be reported to Appropriations committees.

May 9 – last day for bills keyed as non-fiscal (no state impact) to be passed to floor of the house they in which they were first introduced.

May 16 – Last day for policy committees to meet until June 9.

May 23 – final day for appropriations committees to pass bills introduced in their initial house.

May 26 – Memorial Day

June 2 thru June 6 – Floor Session only.

June 9 – Committees may resume.

June 15 – Deadline to pass budget bill.

Informational hearings

As indicated above, some activities occurred after the earlier April report had been prepared.

April 30, the Assembly Budget Subcommittee #4 met to conduct an informational hearing on the Greenhouse Gas Reduction Fund (GGRF) where it was reported that these revenues, derived from the auction of Green House Gas (GHG) emission credits, have seen a marked tendency to fluctuate from auction to auction. In recent years, cap-and-trade auctions have raised between \$2 billion and \$5 billion per year.

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A key conclusion shared during the hearing disclosed that multiple factors influence revenues—ranging from interest in purchasing allowances from outside investors, confidence in the longevity of the program, the specific program design features, and the balance of supply versus demand for allowances.

It was also disclosed for committee members that auction revenues had dropped most notably in 2020 in response to economic slowdowns during the COVID-19 pandemic, as well as in 2016-17 prior to the last reauthorization of the program.

During these periods, CARB failed to sell all the available allowances.

May 1, Senate Budget Subcommittee # 5 held an informational hearing to specifically delve into the governor's proposed GHG spending plan, as set forth in the January 2025 Budget. That Budget document includes \$1.8 billion in discretionary GGRF expenditures, on top of the \$2.4 billion from continuous appropriations (not contained in the budget document) and \$430 million in ongoing statutory obligations.

The proposed spending plan generally aligns with the multi-year commitments made in prior years, apart from two changes: a \$32 million shift from GGRF to Proposition 4 for the Clean Energy Reliability Investment Plan and an \$81 million shift from the GGRF to the Motor Vehicle Account (MVA), to address fund insolvency in the budget year.

The past two state budget agreements—2023-24 and 2024-25—not only appropriated GGRF to discretionary programs for each of those budget years but also included plans to dedicate a large share of out-year discretionary GGRF revenues for specific purposes.

This does contrast with the historical practice of allocating funding on a year-by-year basis. The Governor's current proposed plan does seek to backfill the bulk of the expenditures reductions that are to be made from the General Fund for a wide variety of activities. These actions were taken with the intent of sustaining previous multiyear spending commitments while achieving General Fund savings in response to the deficit and worsening budget conditions.

Recent pronouncements and proposals from the federal Administration could threaten the authority or practicality of funding state programs from GHG emissions auctions. Consequently, the Governor, along with the leadership of both legislative houses have now determined they wish to seek an extension of the auction authority beyond the present sunset date in 2030. Earlier this year, there had been a school of thought to take on such an extension later in the year or even in the next session year, 2026.

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Governor Newsom Administration

Leadership Changes

Caltrans –

Director Tavares recently announced that he will step down from Caltrans to become the Director of the Alameda County Transportation Commission (ACTC) Executive director.

CalSTA-

In February Governor Newsom had announced that CalSTA Undersecretary had been appointed to serve as Chief Deputy Director of the High Speed Rail Authority (CHSRA), after more 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.

California Transportation Commission

The report goes on to state that evidence of recent policy shifts is already visible in GHG plans and programs. For example, planned investments in climate adaptation, resilience, and bicycle and pedestrian infrastructure have increased and are well-documented in the State Highway System Management Plan. Caltrans anticipates that by 2030, approximately half of the reported projects are expected to reflect these policy changes and shifts in investment strategies.

Upcoming Key meetings

Transit Transformation Task Force

The next meetings will be consumed with wrapping up Task Force Members and public comments 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

California Transportation Commission

Commission Meeting

May 15/16, 2025

San Francisco, CA

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2025 Key Bill Tracking

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 Approps., not set yet
AB 259 (Rubio)	Local Agency Teleconference	Indefinitely extends authority for local agency teleconferences for open meetings.	In Senate, not referred yet.
AB 891 (Zbur)	ATP Quick Builds	Sets new Quick Build pilot within Caltrans for conventional roadway ATP/Bike facilities.	Assembly Approps., not set yet.
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, not heard
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, hearing canceled. 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 Committee, 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, allows it to impose a district tax either directly or by voter initiative.	Senate Approps. Set for May 12
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 Approps. Suspense file
SB 480 (Archuleta)	Autonomous Vehicles (AVs)	AV system is engaged within a vehicle.	
SB 511 (Grayson)(Perez)	Autonomous Vehicles (Avs)	Seeks to establish "future guiderails" for use of AVs in public.	Senate Transportation, 2 year bill