

Smith, Watts & Hartmann, LLC.

Consulting and Governmental Relations

December 4, 2024

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

From: Mark Watts

Re: December 2024 State Report

The following is a report on the activities in the final month of the 2023-24 Session:

LEGISLATIVE UPDATE

Regarding the upcoming 2025-26 Legislative Session, I am anticipating legislation affecting the following areas to be submitted: transportation grants and possible new funding concepts to replace the fuel tax, housing, and climate related issues focusing on the transportation sector. The last day to submit bills in February 21.

Transportation Legislation

SB 1 Grant eligibility. CalCOG is considering sponsorship of proactive legislation around SB 375 implementation and Transportation California may be proposing to co-sponsor legislation with CalCOG and the Self-Help Counties Coalition (SHCC) on SB 1 competitive grant eligibility.

Initiatives. Additionally, CALCOG together with Self Help Counties Coalition (SHCC) will be seeking new legislation to authorize local and regional transportation agencies to have standing provided through their tax authority to permit local initiative tax measures to be introduced.

Climate-related. I anticipate meaningful conversations around cap-and-trade reauthorization, reintroduction of anti-state highway investment legislation, and the Administration's renewed push to codify the Climate Action Plan for Transportation Infrastructure (CAPTI).

State VMT Policies. Monitoring a variety of local or regional transportation agencies in their efforts to deal with VMT and mitigation, it appears that existing practice can overestimate VMT created by highway projects, increases overall project costs due excessive mitigation requirements, and may impact on the ability of the state and regions to deliver on promises made to taxpayers and voters. I anticipate legislation in this policy area.

2024 General Election Update

California Races. Despite significant gains for Republicans nationally and in a handful of California state legislative races, Democrats will continue to enjoy decisive supermajorities in both the Assembly, where they are projected to hold 60 of 80 seats, and the Senate, where the majority will likely stand at 31 of the 40 total seats.

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In a historic first, women are poised to constitute a majority of California State Senate seats (22 of 40), as well as both the Senate Democratic and Republican caucuses (16 of 30 members and 5 of 8 members, respectively). The Assembly will also be close to gender parity, with 36 women serving as Assemblymembers.

Over a quarter of California's 120 state legislators will be new to their offices during the 2025-2026 legislative session. The anticipated roster of new members includes 11 new Senators – most with prior legislative experience – and 22 new Assemblymembers. Two additional Senators and one Assemblymember were elected to other offices in November, which will bring the total number of new members to 36. Significant changes in policy committee leadership will also take place, as the chairs of 10 standing committees will not be returning to the Legislature in December.

State Ballot Measures

Voters approved \$20 billion in General Obligation bonds for school facilities and climate and natural resources purposes, but efforts to reduce voter approval thresholds for local bond measures failed. While un-enforceable language restricting same-sex marriage was stricken from the California Constitution with the passage of Proposition 3, other measures for a progressive outlook failed passage and a major roll-back of recent criminal justice reforms passed by a healthy margin. At the local and regional level, there were also mixed results for transportation funding, with measures passing in Napa and Madera counties, and failing in Placer, San Diego and San Francisco counties.

SPECIAL SESSION

Governor Newsom called a special session of the Legislature, which was gavelled in on Monday, December 2, to provide funding for the California Department of Justice for anticipated litigation costs related to the challenging Trump Administrative actions, or to defend against litigation and other federal enforcement actions against California.

Governor Newsom has indicated he will seek authority to replace any federal electric vehicle-incentive reduction at the federal level with a state incentive, although no funding source was identified along with this announcement.

ROAD USER CHARGE

I monitored the [Road User Charge \(RUC\) Technical Advisory Committee \(TAC\)](#) meeting on [November 15](#) to receive updates on: (1) the CTC role in the initial development of a 10-year statewide transportation needs assessment pursuant to SB 1121 (Gonzalez, 2022); (2) a report on the financial impacts of imposition of a RUC on “super-commuters”; and (3) a review of the potential impacts of a RUC on rural communities.