



July 13, 2022

TO: Director Elsa Ortiz, President, and
Members of the Board

Michael Hursh, General Manager

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FR: Steve Wallauch
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RE: Legislative Update

Recess: The Legislature is currently on their Summer Recess, and will reconvene for the final month of session on August 1st. The first week will be spent dealing with the glut of legislation pending in the respective Appropriations Committees where over 840 measures are pending. There are 466 bills set for hearing on August 1st in Senate Appropriations, and 376 bills set for hearing on August 3rd in Assembly Appropriations. Most of these bills are headed to the Suspense File where their final fate will be determined the following week on August 11th. The remainder of session will be consumed by lengthy floor sessions in order to meet the midnight end of session deadline on August 31st.

Transportation Trailer Bill: Among the numerous budget trailer bills enacted, SB 198 makes numerous statutory changes need to implement portions of the transportation funding agreement. SB 198 includes the following provisions, please contact us if you need more details about any of these programs:

- Authorizes the California Department of Transportation to advance payments to recipients of TIRCP grants when certain conditions are met. Specifically, this bill expands and clarifies the authority for Caltrans to advance funds to public agencies for transit and passenger rail projects funded by the State Transportation Improvement Program or the Transit and Intercity Rail Capital Improvement Program.
- Authorizes the Department of Transportation to use the Design-Build procurement method for construction contracts on six additional projects per year in both 2022-23 and 2023-24.
- Creates the Highways to Boulevards program at Caltrans to provide grants to local governments to plan and implement projects move toward future conversion of key underutilized highways into multimodal corridors that serve existing residents by developing affordable housing and complete streets features. The program would provide 25 percent of available funds for planning activities, and 75 percent for projects.

- Establishes three programs that are intended to fund activities necessary to help the state and local governments identify and fund projects to adapt transportation infrastructure to climate change.
 - Transportation Infrastructure Climate Adaptation Strategy Grant Program, which is designed to provide competitive planning grants to local agencies to address climate adaptation. Caltrans will administer this program.
 - Local Transportation Infrastructure Climate Adaptation Project Program, which would provide competitive grants to local agencies to support the development and implementation of projects adapting local transportation infrastructure to climate change. The California Transportation Commission (CTC) will administer this program.
 - State Transportation Infrastructure Climate Adaptation Program, which would be designed to support the planning, developing, and implementing projects adapting state transportation infrastructure to climate change. Caltrans is required to submit the list of projects to the CTC for approval.
- Makes several major adjustments to the High-Speed Rail Authority's statutory direction and authority, including the creation of an independent Inspector General.
- Freight and Goods Movement funding program authorizes CalSTA in consultation with other departments to provide grants or other funding mechanisms to invest in port-specific high-priority projects that increase goods movement capacity on rail and roadways serving ports and at port terminals. This bill sets aside 70 percent of the \$1.2 billion appropriated in the budget for projects related to the Port of Los Angeles, the Port of Long Beach.
- SB 198 includes language stating the Legislature's goal to provide \$2 billion per year in both 2023-24 and 2024-25 for transit and intercity rail capital projects. Specifically, it states that the goal of the Legislature is to provide each transit entity a minimum of \$300,000, with the remainder of the funding allocated by a population-based formula.

Propositions: The deadline has passed to place items on the November 3 ballot, and the Secretary of State has assigned numbers to the 7 measures that either qualified or were placed on the ballot by the legislature. This is far less than past years, with some proponents withdrawing their proposals in favor of a legislative solution. However, fewer propositions do not mean fewer dollars spent on campaigns. The fight over online sports wager between tribes and casino interests, and spending on other propositions is expected to reach \$1 billion. The following proposition will appear on the November ballot:

Proposition 1: Amends the State Constitution to expressly providing that the state shall not deny or interfere with an individual's reproductive freedom in their most intimate decisions, which includes their fundamental right to choose to have an abortion and their fundamental right to choose or refuse contraceptives. Prop 1 was placed on the ballot by the legislature with the passage of SCA 10, which specified that this amendment would appear on the ballot as Proposition 1.

Proposition 26: This proposal would allow federally recognized Native American tribes to operate roulette, dice games, and sports wagering on tribal lands, subject to compacts negotiated by the Governor and ratified by the Legislature. Beginning in 2022, allows on-site sports wagering at only privately operated horse-racing tracks in four specified counties for persons 21 years or older.

Proposition 27: Legalizes online and mobile sports wagering for persons 21 years and older. Such wagering may be offered only by federally recognized Indian tribes and eligible businesses that contract with them. Individuals placing bets must be in California and not located on Indian lands.

Proposition 28: Provides additional funding for arts and music education in all K-12 public schools (including charter schools) by annually allocating from state General Fund an amount equaling 1% of required state and local funding for public schools.

Proposition 29: Requires a physician, nurse practitioner, or physician assistant, with six months' relevant experience, on site during treatment at outpatient kidney dialysis clinics; authorizes exemption for staffing shortage if qualified medical professional is available through telehealth. Requires clinics to disclose to patients all physicians with clinic ownership interests of five percent or more.

Proposition 30: Increases income tax on personal income over \$2 million by 1.75% for individuals and married couples. Prop 30 directs this new revenue to be allocated with 45% directed to rebates and other incentives for zero-emission vehicle purchases, 35% for charging stations for zero-emission vehicles, with at least half of this funding directed to low-income households and communities; and 20% for wildfire prevention and suppression programs, with priority given to hiring and training firefighters. It is estimated to generate \$3.5 to \$4 billion annually.

With respect to the 45% dedicated to vehicle purchases, Prop 30 requires at least 2/3 of the funds over the first five years must be used for the deployment of zero emission passenger vehicles. However, the remaining funds and future funds can be used to fund the purchase of zero emission school buses, transit buses and medium/heavy duty trucks and off-road vehicles. The 35% of funds set aside for fueling infrastructure would be administered by the California Energy Commission. During the first five years of the program, Prop 30 requires that at least half of the ZEV infrastructure funding be targeted specifically to multifamily dwelling charging stations (20 percent), single-family charging stations (10 percent), fast fueling infrastructure for passenger vehicles (10 percent), and medium-and heavy-duty fueling infrastructure (10 percent).

Proposition 31: Prop 31 is a referendum on a law approved in 2020 that prohibits the retail sale of certain flavored tobacco products and tobacco flavor enhancers. The referendum would require a majority of voters to approve the 2020 state law before it can take effect.