

# PLATINUM | ADVISORS

Legislative Update  
AC Transit Board of Directors  
May 27, 2026

# Governor's May Revisions

- State's fiscal condition continues to improve since January.
- Three-year budget window revenues increased by \$16.5 billion since January, for a total of \$59.5 billion in revenue growth.
- But out year structural deficits loom.
  - 2027-28 forecast a \$22 billion shortfall, and the deficit grows to \$67 billion by 2029-30.
- 2-year Budget Proposal
- May Revise places \$9.7 billion in the Projected Surplus Temporary Holding Account to help address the 2027-28 deficit.
  - This account and spending changes result in a balanced budget in 2026-27 & 2027-28

# May Revise – Taxes & Fees

- Cut the fee for new LLCs from \$800 to \$400.
- Permanently cap business tax credits to \$5 million or 50% of tax liability.
- Apply sales tax to prewritten software or software services.
  - local government sales tax revenue will also increase.
- Require food delivery services to register as Delivery Network Companies (DNCs).

# Cap & Invest

- May Revise further downgrades auction revenue forecast
- DOF's auction outlook now totals \$3.4 billion down from \$3.8 billion in January
  - Current year LCTOP and TIRCP funds reduced by a total of \$48 million.
  - 2026-27 – LCTOP reduced to \$105 million and TIRCP reduced to \$209 million
- All this is moot if CARB adopts its proposed changes to the Cap & Invest Program
  - *All Tier 3 funds eliminated under the proposal*

# Transportation Funding

- May Revise does not propose any significant changes to the transportation budget.
- \$230 million for the Zero Emission Transit Capital Program remains missing.
- May Revise does provide funding for
  - Clean California Program -- \$40 million onetime allocation
  - Homeless Encampment Liaison-- \$6.7 million increase

# Priority Legislation...

- AB 1837 (Gonzalez) – Video Imaging; Parking Violations – Assembly Floor
- AB 1944 (Lee) – Axle Weight – Senate Transportation
- SB 1408 (Arreguin) – CCTA Sales Tax Authority – Senate Floor

House of Origin deadline is May 29th