



September 28, 2021

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

The End: A little after 9 p.m. on September 10th both the Senate and Assembly adjourned session for the year and are not scheduled to return to the Capitol until January 3, 2022. The Governor has until October 10th to sign or veto all bills sent to his desk.

This end of session was far less exciting than in prior years, partially because of the 72-hour in print rule, and partially because some issues were punted to next year, including high-speed rail. A high-profile proposal from Assemblywoman Buffy Wicks (D-Oakland) mandating employee vaccinations and requiring proof of vaccination in indoor public places such as restaurants and movie theaters was also quickly shelved.

To Be Continued: The May Revision included \$9.6 billion in funding for transportation programs listed below, as well as \$1.4 billion for zero emission trucks and buses that was included in the Climate package, for a total investment of \$11 billion. SB 129, the budget bill junior enacted in July, included the funding for the zero emission trucks and buses; however, the general fund appropriations for the transportation programs was contingent on provisional language whereby the funds would revert to the general fund if legislation were not enacted by October 10th specifying how the funds would be allocated. SB 129 did not include the \$4.2 billion appropriation for high-speed rail, and it did not include \$407 million for the Zero Emission Rail and Transit Equipment Program.

Since an agreement was not reached on appropriating \$4.2 billion in bond funds to the High-Speed Rail Authority, negotiations on allocating the other transportation funds came to a halt. As a result, the general fund dollars for the proposed transportation expenditures will now revert to the general fund. While this is disappointing, all is not lost. The goal is for negotiations to continue with the expectation of enacting legislation when they return in January. In his veto message for AB 604 regarding the appropriation of interest income from transportation accounts, Governor Newsom stated, *"I look forward to re-engaging with the Legislature to*

finalize and pass a comprehensive transportation package early next year that invests in a wide variety of critically-necessary projects” While hopefully just a delay, the following appropriations are now on hold.

- *Los Angeles Olympics* - \$1 billion General Fund to deliver critical projects in time for the 2028 Olympic Games. These funds would be allocated through the Transit and Intercity Rail Capital Program (TIRCP), eligible projects must be in the Southern California region and related to the transportation needs for hosting the 2028 Olympic Games.
- *Priority Transit and Rail Projects* - \$1 billion General Fund for transit and rail projects statewide that improve rail and transit connectivity between state and regional/ local services. These funds would also be competitively allocated through TIRCP.
- *Active Transportation*—\$500 million General Fund to advance projects that increase the proportion of trips accomplished by walking and biking, increase the safety and mobility of non-motorized users. The intent of this allocation is to fund the list of projects already submitted and scored through the CTC’s Active Transportation Program. While the CTC requested \$2 billion for active transportation projects, this significant investment was considered sufficient at this time.
- *High Priority Grade Separations and Grade Crossing Improvements* - \$500 million General Fund to support critical safety improvements throughout the state. These funds would be allocated through a competitive grant program for both freight and intercity rail related projects.
- *High-Speed Rail* - \$4.2 billion Proposition 1A funds to complete high-speed rail construction in the Central Valley, advance work to launch service between Merced and Bakersfield, advance planning, and project design for the entire project, and leverage potential federal funds.
- *State Highway Rehabilitation and Local Roads and Bridges* - \$2 billion (\$1.1 billion special funds through 2028, and \$968 million federal funds) to support the advancement of priority State Highway Operation and Protection Program (SHOPP) projects, Interregional Transportation Improvement Program (ITIP) projects, and local road and bridge investments. The source of the \$1.1 billion is interest income from the State Highway Account and other accounts.
- *Zero-Emission Rail and Transit Equipment Purchases and Infrastructure* - \$407 million (\$100 million General Fund, \$280 million Public Transportation Account (PTA), and \$27 million federal funds) to demonstrate and purchase or lease state-of-the-art clean bus and rail equipment and infrastructure that eliminate fossil fuel emissions and increase intercity rail and intercity bus frequencies. This funding proposal was rejected by the legislature, but remains part of the ongoing negotiations.

Budget: As expected cobbling together the final pieces of the 2021-22 budget took until the final week of session. On the last day to amend bills, 15 new budget trailer bills and another budget bill junior appropriation bill were amended and approved before leaving town. The Governor has since signed each of these measures into law. The following is a summary of the trailer bills that may be of interest, let us know if you would like a more detailed breakdown:

SB 170 – Budget Bill Junior – SB 170 makes numerous appropriations related to health, education, wildfire funding, climate resiliency programs, drought, and agriculture. Among the numerous provisions in this bill include the following:

- Appropriates \$988 million (\$758 million General Fund and \$230 million Greenhouse Gas Reduction Fund (GGRF)) in 2021-22 for wildfire prevention and resiliency programs.
- Appropriates \$855 million (\$730 million General Fund and \$125 million special fund) in 2021-22 for the water resilience package.
- Provides \$369.2 million General fund in 2021-22 the Climate Resilience Package. The Climate Resilience Package includes an additional \$2.09 billion in 2022-23 and \$1.23 billion in 2023-24, totaling \$3.69 billion over three fiscal years.
- Appropriates an additional \$850 million in greenhouse gas reduction fund revenue. This is part of the discretionary spending plan for auction revenue, and this is in addition to \$684 million appropriated in the June budget for a total of \$1.53 billion in 2021-22.
- \$1 million is appropriated to CalSTA for Highway 37 climate adaptation.

SB 155 – Public Resources Trailer Bill – SB 155 makes several statutory changes to implement appropriations made in the budget related to environment and natural resources. Among the changes in this bill are the following:

- Provides for the extension of eligibility for the existing fuel cell net energy metering tariff that electrical corporations have filed with the PUC from December 31, 2021, to December 31, 2023.
- Renames the Alternative and Renewable Fuels and Vehicle Technology program the Clean Transportation program and allows native tribes to compete for funding.
- Appropriates, continuously, \$200 million Greenhouse Gas Reduction Fund annually until 2028-29 for healthy forest and fire prevention programs and projects
- Exempts, until January 1, 2025, from CEQA projects that conserve, restore, protect, or enhance, and assist in the recovery of California native fish and wildlife, habitat upon which they depend or that restore or provide habitat for California native fish and wildlife.
- Makes available, upon appropriation by the Legislature in the annual Budget act, \$350 million in 2022-23 and \$150 million in 2023-24 to the State Conservancy for grants or expenditures for the protection and restoration of coastal and ocean resources from the impacts of sea level rise and other impacts of climate change
- Requires the Department of Parks and Recreation to determine the best use of land known as “Alameda-Tesla Expansion Area,” which is currently part of the Carnegie State Vehicular Recreation Area and prohibits this land from being designated as a state vehicular recreation area.

SB 163 – Workforce Development – SB 162 implements the Community Economic Resilience Fund(CERF) Program, which is funded with \$600 million in federal Corona Virus Fiscal Recovery Funds.

The CERF Program will be administered by the Workforce Services Branch at the Employment Development Department and will provide financial support to establish highroad transition collaboratives to design region and industry specific economic recovery and transition strategies. The program will provide planning grants on a competitive basis to each region. The plans must address economic diversification, industry planning, workforce development and safety net programs, and must prioritize high-quality jobs and equitable access to them, while emphasizing the development of sustainable industries. The program will also provide competitive grants to implement the plans. Grant recipients must align with regional workforce needs by linking with high road training partnerships or high road construction career training programs.

AB 174 – Vehicles/Transportation – AB 174 primary makes changes related to the Department of Motor Vehicles such as alternative procedures for driver’s license renewals, fingerprint verification, and electronic reporting of vehicle fleet insurance. The bill does not contain any provisions related to Caltrans or CalSTA.

AB 175 – Housing Related Items – AB 175 makes numerous clean-up changes to previously enacted housing measures. In particular, AB 175 makes technical amendments to the Regional Early Action Program (REAP) of 2021. The changes to the REAP program include specifying that a grant recipient shall obligate funds no later June 30, 2024, and expend funds no later than June 30, 2026. Additionally, this bill extends from June 30, 2025, to June 30, 2026, the timeline for submitting a final report for a grant recipient.