## PLATINUM | ADVISORS

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Members of the AC Transit Board of Directors

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**RE:** Legislative Update

**End of Session:** The legislature returned from their summer recess on August 18<sup>th</sup> for the final month of session. With two weeks down and two weeks to go until they adjourn on September 12, there remain several significant policy proposals and budget trailer bills still being negotiated. The Senate and Assembly Committees on Appropriations dispensed with the item on the Suspense File on August 29<sup>th</sup>, where about 27% of the bills were held and many of those that were approved were scaled back.

The next major deadline is Friday, September 5, which is, according to the rules, the last day to amend a bill on the floor. However, the real deadline is the 72 hour in print rule on September 9<sup>th</sup>. All amendments must be in print for 72 hours before a floor vote can be taken.

The next two weeks will be chaotic and tense as major remaining issues are resolved, including efforts to extend the cap & trade program, streamline housing production, and legislation to regulate AI and social media.

**Cap & Trade Invest:** While there is consensus between the Governor and Senate and Assembly leadership on extending and renaming the cap-and-trade program to 2045, the details on how it operates, and the allocation of auction proceeds remain in limbo.

There are two legislative vehicles moving through the process that would be used to extend the cap & trade program, AB 1207 (Irwin) and SB 840 (Limon). Assemblymember Irwin and Senator Limon respectively lead the working groups in each house on cap & trade reauthorization. Last week, Assemblymember Irwin circulated amendments to AB 1207 that would extend the program to 2045 and would make changes to the offsets and allowances, and changes to the funds provided to utilities to offset consumer prices. This proposal did not propose how auction revenue would be allocated to transit programs

such as LCTOP and TIRCP. However, the Senate blocked these amendments as negotiations heat up between the houses.

While optimism remains that an agreement will be reached, the details on funding for public transit programs remain in limbo. In general, it appears the off-the-top appropriations, such as High-Speed Rail, LCTOP, and TIRCP, will be changed from a percentage basis to a fixed annual dollar amount. As of today, the agreement will include a fixed \$1 billion annually for High-Speed Rail and \$1.5 billion annually for CalFire operations. Of the approximate \$5 billion annually in auction proceeds that is allocated by formula or through the annual budget, about \$2.5 billion remains unaccounted for if the allocations to High-Speed Rail and CalFire hold firm.

**Legislation – Suspense File:** On Friday, August 29<sup>th</sup>, the Senate and Assembly Appropriations Committees dispensed with the item being held on their respective Suspense Files. Both committees held about 27% of the bills. The Senate reviewed 425 bills and 309 were sent to the Floor. In the Assembly, they reviewed 261 bills and 190 were sent to the Floor. Many of the bills moved to the Floor were amended to reduce the scope and cost.

The following is a summary of several priority bills that were pending on the Suspense File:

- AB 339 (Ortega): AB 339 was approved by the Senate Appropriations Committee
  with amendments that scale back the scope of the bill. As amended, the bill would
  require a public agency to provide 45 days' notice to a recognized employee
  organization regarding contracts for services that are within the scope of work of
  job classifications represented by the recognized employee organization. The
  amendments also remove the requirements to meet and confer and exempt public
  works projects.
- <u>AB 394 (Wilson):</u> AB 394 was approved without amendments. This bill expands the category of workers who qualify as victims under the crime of battery upon a transit worker and clarifies that public transit employers count as employers for purposes of the workplace violence restraining order statute.
- SB 63 (Wiener): Assembly Appropriations approved SB 63, but the committee did not include the substantive amendments proposed by Senator Wiener. These amendments would have added the expenditure plan, governance structure, and oversight provisions. The only amendment made to SB 63 by the Committee was to add an urgency clause to the bill. The addition of an urgency clause triggers a 2/3 vote threshold for passage. Assembly Transportation Committee is expected to hear the bill again, which provides an opportunity to amend the bill.
- SB 71 (Wiener): SB 71 was approved without amendments. This bill extends and expands California Environmental Quality Act (CEQA) exemptions for certain transportation-related projects.

- <u>SB 79 (Wiener):</u> SB 79 was approved with amendments that scale back the bill. While the amendments are not in print yet, the change would strike out provisions in the bill that apply to Tier 3 transit-oriented development projects. Tier 3 provisions apply to mixed use housing projects near a ferry terminal, along bus rapid transit corridors, and in areas within a "non-urban transit county." Urban transit county means a county with 15 or more passenger rail stations. It is unknown what other changes to the bill will be made.
- <u>SB 419 (Caballero):</u> SB 419 was approved with technical amendments. This bill would exempt the sale of hydrogen used as a transportation fuel from the state's portion of the sales tax. Given the state's fiscal outlook this is a significant step forward for this bill.
- <u>SB 445 (Wiener):</u> SB 445 was held by the Assembly Appropriations Committee. This bill went through several reiterations with the final version proposing significant changes to accelerate the local permitting and approval process for the High-Speed Rail project. Senator Wiener will try again next session.
- SB 707 (Durazo): This bill makes numerous changes to the rules governing local agency public meetings pursuant to the Ralph M. Brown Act (Brown Act) to, among other things, increase public access and extend teleconferencing flexibilities. SB 707 was amended by the Committee, but the amendments are not in print yet. Another round of amendments is expected to be made on the Assembly Floor. Our office will inform the District when the bill is in print to determine if AC Transit's concerns have been addressed.