



October 23, 2022

TO: Director Elsa Ortiz, President, and  
Members of the Board  
Michael Hursh, General Manager  
Beverly Greene, Executive Director, External Affairs, Marketing & Communications

FR: Steve Wallauch  
Platinum Advisors

**RE: Legislative Update**

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**December Special:** December may be a little busier than normal. With gas prices in California remaining much higher than the national average, Governor Newsom announced that he will call a special session to address fuel prices with the goal of imposing an excess profits tax on oil companies. This special session is expected to begin when the legislature convenes in December. This action was spurred by a Consumer Watchdog report that found western fuel producers generated per gallon profits ranging from 79 cent to \$1 during the second quarter of this year.

While the 2023-24 legislative session will begin at the same time, a special session provides for an accelerated legislative hearing process, and for legislation approved with a majority vote to take affect 90 days after the close of a special session. Democrat caucuses in both houses will undoubtedly have a super majority in December, but it is uncertain if there will be 2/3 support for an excess profits tax.

**COVID Emergency Sunset:** Governor Newsom announced that the COVID 19 State of Emergency will end on February 28, 2023. This long lead time for the sunset is intended to provide the healthcare system flexibility to address any surge in cases over the peak holiday travel window. The advanced notice also provides local governments time to adjust and transition back to in-person public hearings. The existing Brown Act process requires a statewide health emergency to be in place in order to hold "remote" governing board meetings.

AB 2449 was recently signed by the Governor that allows for some flexibility for governing board members to participate remotely. This bill allows, until January 1, 2026, members of a legislative body of a local agency to use teleconferencing without noticing their teleconference locations and making them publicly accessible under certain conditions. These conditions

require that at least a quorum is present at a single publicly accessible location, requires the member participating remotely to provide description of the emergency circumstances that require remote participation, and limits any single member from using the remote option for more than 3 consecutive months, or 20% of the regular meetings.

**Fiscal Outlook:** Since passage of the budget in June, total revenues received by the state are \$4.7 billion below projections. While this shortfall can be easily covered by reserves, it is still too early to know if this trend will continue to grow. There was hope for strong October tax payments, which is the deadline to pay extension returns. The month started strong by setting a single day collection day record for October of \$905 million. However, significant returns over the month have not materialized, due to tech layoffs, stock declines, and weak IPOs. The LAO mid-year fiscal outlook report will be released in November, and it is expected to forecast that 2022-23 revenues will be below budget act projections.

**TIRCP Cycle 6:** CalSTA has released the draft [guidelines](#) for the next Transit and Intercity Rail Capital Program (TIRCP) Cycle 6. Workshops have been scheduled for November 3<sup>rd</sup> for large applicants and November 4<sup>th</sup> for small applicants. The deadline to submit comments on the draft guidelines is November 7<sup>th</sup>. Project applications for Cycle 6 are currently due February 10<sup>th</sup>, and the award announcement is expected in April.

Cycle 6 will be a significant investment in transportation and transit projects. Over \$3.63 billion will be available for TIRCP projects, and an additional \$350 million is dedicated to High Priority Grade Crossing Improvement and Separation projects. State budget guidance specifies that \$1.83 billion is dedicated to TIRCP projects in Southern California (Ventura, Los Angeles, Orange, San Bernardino, Riverside, San Diego, and Imperial counties) and \$1.5 billion for projects in the rest of the state. Both the funding pots require at least \$900 million be used for existing TIRCP projects that can demonstrate a need for additional funding in order to leverage additional federal funds.

**CAPTI Progress Report:** Last week CalSTA released its first progress [report](#) on implementing the Climate Action Plan for Transportation Infrastructure (CAPTI). The Assembly Committee on Transportation is expected to hold an informational hearing on this report, a date for the hearing has not been set yet.

According to the report the state has completed or made substantial progress on 88% of the 34 action items identified in CAPTI. Among the successes highlighted in the report include: the addition of 9 new multi-modal projects to the Interregional Transportation Improvement Program, the addition of pro-housing principles added to the guidelines for TIRCP and other programs, and changes to the TIRCP Cycle 5 guidelines that direct funds toward zero emission transit projects.