

# PLATINUM | ADVISORS

July 17, 2024

TO: Joel Young, President, AC Transit Board of Directors  
Members of the AC Transit Board of Directors  
Michael Hursh, General Manager  
Claudia Burgos, Director of Legislative Affairs & Community Relations

FR: Steve Wallauch  
Platinum Advisors

**RE: Legislative Update**

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**Session Status:** July 3<sup>rd</sup> marked the start of Sumer Recess. The legislature will be on summer break until August 5<sup>th</sup> when they return for the final month of session, which must end by midnight on August 31<sup>st</sup>. The key deadline facing the legislature when they return is the fiscal committee deadline on August 16<sup>th</sup>. The Appropriations Committees in both houses are expected to act on Suspense File items on August 15<sup>th</sup>.

**Freeze Thawed:** As expected with the final budget agreement reached, the freeze on \$1.9 billion in TIRCP formula funds. These funds were planned to be allocated in April, but the Department of Finance halted this allocation pending negotiations on addressing the \$47 billion budget deficit. In addition to the release of these funds, the 202-25 budget includes the allocation of \$1 billion in TIRCP formula funds. CalSTA has also released a call for projects to award \$900 million in TIRCP competitive funds. The deadline to submit proposals for the competitive funds is July 23<sup>rd</sup>, with the award announcement planned for late October.

**Bonds:** Before leaving town on July 3<sup>rd</sup> the legislature approved two bond proposals for the November ballot, a climate bond package and a school bond package. Given the deficit and questionable voter support for these bonds, the total amount was scaled back. This included eliminating any funding for zero emission vehicle infrastructure. The \$850 million in the climate bond dedicated to clean air projects is limited to energy transmission projects, long duration energy storage, and offshore wind development.

The \$10 billion climate bond, encapsulated in [SB 867 \(Allen\)](#), is the result of over a year of negotiations among legislators and interest groups. Initiated in January 2023 by Governor Gavin Newsom's proposal to use a climate bond to mitigate budget cuts, the bond's final figure exceeds earlier drafts which proposed as little as \$6 billion.

### **\$10 Billion for Climate Change Initiatives**

- \$3.8 billion for drinking water and groundwater upgrades
- \$1.5 billion for wildfire and forest programs
- \$1.2 billion to address rising sea levels.
- \$1.2 billion for biodiversity protection and nature-based climate solution programs
- \$850 million for clean air programs
- \$700 million for park creation and outdoor access programs
- \$450 million for extreme heat mitigation programs
- \$300 million for climate-smart, sustainable, and resilient farms, ranches, and working lands programs.

The \$10 billion schools bond in [AB 247 \(Muratsuchi\)](#) focuses on the construction and repair of K-12 schools and community colleges, excluding four-year universities. This decision followed intense lobbying by K-12 advocates who cited the failure of a similar 2020 bond measure that included universities.

### **\$10 Billion for School Facilities Construction**

- \$8.5 billion for K-12 construction and modernization
- \$1.5 billion for community colleges

**Bonds Only:** With ACA 1 on the November ballot, there has been growing concern with the level of public support for the Constitutional amendment that would create a specific process that would allow local bonds, or parcel or sales taxes to be enacted with a 55% vote. On June 20<sup>th</sup>, ACA 10 was gutted and amended to direct the Secretary of State to make several changes to ACA 1. This was an abrupt and unfortunate change to a long-fought effort lead by local governments, special districts, local transportation agencies to reduce the tax threshold for parcel taxes and local sales tax programs.

As approved by the legislature, ACA 10 directs the Secretary of State to make several changes to ACA 1, which is currently pending on the November ballot. In short, ACA 10 would amend ACA 1 so that the 55% threshold would only apply to bond measures.

ACA 10 amends the content of ACA 1 as it will appear on the November ballot. There will only be one measure on the ballot. ACA 10 would make the following changes:

1. Eliminate application of the 55% threshold to local special taxes/sales tax proposals.
2. Add an expanded definition of affordable housing programs.
3. Revises the definition of “public infrastructure” that includes facilities and infrastructure for a list of subjects including transit facilities and streets and roads.
4. Cleans up the language in Section 18 to ensure if ACA 1 is enacted it would also apply to measures appearing on the November ballot and future ballots.