



August 23, 2021

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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**End of Session:** The legislature returned last week for the final four weeks of session and will adjourn for the year on September 10<sup>th</sup>. While the number of bills members were allowed to move forward was limited, it will still be a rush to meet hearing deadlines and the usual marathon floor sessions. Complicating the end of session rush is the pressure to complete agreements on several major budget trailer bills under the spotlight of a recall election.

The last day for fiscal committees to meet is August 27<sup>th</sup>, meaning that the Assembly and Senate Appropriations Suspense Files will be dispensed with on August 26<sup>th</sup>. Following the fiscal committee deadline, the Legislature will have floor session only – no policy or fiscal committees – between August 30 and September 10, with exceptions only in rare circumstances. September 3 is the last day to amend bills on the floor; however, the real deadline is September 7<sup>th</sup>, which is the last day to meet the 72 hour in-print rule. Following the Legislature's adjournment to Interim Study Recess, the Governor has until October 10<sup>th</sup> to sign or veto legislation.

**Budget:** Prior to leaving town for summer recess, the Governor signed the primary budget bill junior, SB 129. This is the budget bill that contains numerous funding programs, include funding for several transportation programs, and numerous member's requests. The Governor made only two technical line-item-vetoes to items contained in AB/SB 164. One veto merely removed duplicative language related to the \$500 million set aside for wildfire funding -- in effect not making any actual changes to the budget.

The spending bills that remain unresolved include allocating nearly \$2.5 billion set aside climate, water, parks and recycling programs, negotiations continue on how to allocate \$500 million set aside for wildfire prevention programs, and over \$7 billion in transportation and high-speed rail funding remains in limbo. Also, the remaining pieces of the cap & trade

expenditure plan remain to be resolved, but the cap & trade deal has historically been held until the end of session in order to see how the August auction goes.

In light of these pending agreements, the Assembly Budget Committee has scheduled hearings for September 2<sup>nd</sup> and on September 7<sup>th</sup>. The 7<sup>th</sup> is the last day that amendments can be made in order to meet the Constitutionally mandated 72-hour in print requirement. The September 7<sup>th</sup> hearing will likely be the key hearing for most of the remaining budget trailer bills.

**Transportation:** Given the loggerhead over transportation funds, no progress was made on reaching an agreement over summer recess. Language was added to the budget appropriations that prohibits expenditure of the funds appropriated in the budget until a budget trailer bill is enacted specifying how the funds are to be spent. If the budget trailer bill is not enacted by October 10<sup>th</sup> the funds revert to the general fund. The pressure is on and recall optics will influence these negotiations. We do not expect any agreement to be in print until the final week of session.

**Recall:** With the recall election in full swing and polling very close, it will complicate end of session politics. The previous recall election was held when the legislature was not in session. This year the recall campaign will be in full swing during the end of session.

Every active registered voter has been sent a ballot, with the election day set on September 14<sup>th</sup>, only a few days after the adjournment of session. This will affect when bills are amended and sent to the Governor. Bills approved and sent to the Governor's desk prior to the last 12 days of session, must be signed or vetoed within 12 days. For bills approved after that timeframe, the Governor has 30 days to act on legislation.

We expect most legislation will not be presented to the Governor until the 30-day clock starts, which will allow the Governor to sign and veto legislation until October 10<sup>th</sup> – well after ballots have been cast. In addition, even informational hearings are viewed through the optics of the recall in order to avoid becoming a platform for recall proponents.

**Swing Space:** With the completion of a new state office building a block away from the Capitol on 10<sup>th</sup> Street, the long-planned demolition of the Capitol Annex building, which is that portion of the Capitol where the legislative offices are, is scheduled to begin next year. The new office building is known as the Swing Space, which is where all executive and legislative offices will be located for the next 5-6 years. The Governor's Office, Lieutenant Governor and all legislative offices will begin the relocation process to the Swing Space starting in October.

Starting next year, floor sessions and most committee hearings will continue to be held in the historic side of the Capitol, with some hearings held in other state buildings. It remains unclear how this will complicate post pandemic lobby days.

This relocation is causing a lot of anxiety over the new location and altered office space layout. Each legislative office will be comprised mostly of cubicles, with only two private offices, one for the member and one for the chief of staff. Staff have been told they cannot bring any personal items to their new office/cubicle. It is also interesting to note that during the planning process, they initially forgot to provide office space for the Lt. Governor, correcting this oversight resulted in less office space for the Senate and Assembly.