
MEMORANDUM

To: Orange County Sanitation District
From: Townsend Public Affairs
Date: April 25, 2025
Subject: Legislative Monthly Report

STATE UPDATES

Through March, the Legislature saw significant activity, including numerous amendments to recently introduced bills and a series of policy committee hearings with robust agendas. As the first house policy committee season progresses, lawmakers conduct in-depth evaluations of proposed legislation, assess potential impacts, and determine which measures will advance to the appropriations committee for fiscal review (if applicable) and eventual floor consideration in their House of Origin. This phase is critical for refining bill language, incorporating amendments, and engaging stakeholders in policy discussions.

This legislative pace is expected to continue through April and May, leading up to the June 6 deadline for bills to advance to the second house. Next month, the Legislature will adjourn for Spring Recess on April 10 and reconvenes on April 21. Legislative focus will shift to the state budget process in May, coinciding with the release of the Governor's May Revision to the January budget proposal.

Beyond the legislative progress, March also saw significant developments in key policy priorities, particularly in wildfire relief and recovery efforts following the devastating January wildfires in Los Angeles.

STATE BUDGET

Prominent Performance from February Income Tax Receipts

The State's personal and corporate income tax revenues surged unexpectedly in February, coming in 28.1 percent above projections. Year-to-date, these income taxes are now \$3.2 billion (3.5 percent) higher than Governor Newsom's January budget proposal estimates, offering a slight safety net considering projections were made before tax filing deadlines were extended for Los Angeles County due to wildfires.

Other factors in the State's performance include personal income tax withholdings exceeding projections by 11.3 percent and corporate tax refunds falling short of forecasts by 52.1 percent, further bolstering net receipts. Economic uncertainty still looms as the stock market fluctuates, and federal trade policy impacts could dampen income from capital gains, bonuses, and corporate profits.

February Revenues Exceed Estimates

In March, the Department of Finance released its current [Finance Bulletin](#) with positive news that the **February General Fund cash receipts were \$2.3 billion, or 24.9 percent, above the Governor's Budget forecast.** This brings year-to-date revenues of \$4.6 billion, or 3.8 percent, above estimates despite the Governor's Budget being crafted before the tax filing deadline was extended for Los Angeles County taxpayers impacted by the recent wildfires.

Personal income tax and corporation tax receipts drove February's performance at \$1 billion and \$296 million above projections, respectively, while sales and use tax receipts dropped \$167 million below estimates. With just a couple of months until the Governor's May Revise, the Senate and Assembly Budget Committees are busy holding Subcommittee hearings soliciting updates and proposals from state departments, but most items are held open until a later date pending action before the adoption of a final budget bill.

STATE LEGISLATURE

Cap and Trade Program Extension Announced

On April 15, Governor Gavin Newsom, alongside Senate pro Tempore Mike McGuire and Assembly Speaker Robert Rivas, announced a coordinated effort during this legislative year to extend California's Cap and Trade program beyond its current 2030 end date. The proposal aims to provide long-term market certainty, attract sustained investment in clean technologies, and reinforce the state's leadership on climate policy in light of emerging federal challenges. The administration underscored its commitment to maintaining California's ambitious climate goals, regardless of shifting national policy landscapes.

California's Cap and Trade program, first established in 2006, holds carbon polluters accountable by requiring them to pay for greenhouse gas emissions that exceed regulatory limits. Revenues from the program deposited into the Greenhouse Gas Reduction Fund have supported significant investments in environmental sustainability, public health, transportation initiatives, and pollution reduction. State leaders emphasized that extending the program is critical to ensuring California remains on track to achieve carbon neutrality by 2045.

Additional legislative and policy details are expected to be released in the coming weeks.

This program extension is of particular interest to OC San because of the potential for funding for critical long-term projects such as Super Critical Water Oxidization (SCWO) and Deep Well Injection. OC San has been meeting with members of the Cap and Trade extension working group to advocate for statewide funding for innovative biosolids management projects such as SCWO and Deep Well Injection.

Legislators Announce the "Fast Track Housing Package"

On March 27, a bipartisan and bicameral group of legislators unveiled a Fast Track Housing package designed to tackle the state's housing crisis. The legislators announcing the package included Assembly Members Buffy Wicks (D-Oakland), Matt Haney (D-San Francisco), Tina

McKinnor (D-Inglewood), Juan Carrillo (D-Palmdale), Josh Hoover (R-Folsom), David Alvarez (D-San Diego), Senator Tim Grayson (D-Concord) and Alex Fisch (Special Assistant to Attorney General Rob Bonta).

The package, comprised of over 20 bills aimed at accelerating housing production, builds on recommendations from the March 2025 [Final Report](#) of the Assembly Select Committee on Permitting Reform chaired by Assembly Member Wicks.

Central to the legislation package are efforts to reduce bureaucratic hurdles, streamline housing approvals, and reform processes such as CEQA. Although originally designed to protect the environment, CEQA is frequently exploited by project opponents to litigate new developments, resulting in prolonged and costly delays. Despite multiple reform efforts, many projects continue to face slow permitting due to CEQA-related litigation and administrative obstacles.

The measures in the package are expected to be assigned to the appropriate policy committees for review and consideration, if not already, ahead of the policy committee deadlines, which are scheduled for early May 2025. The policy committee assignments will initiate the formal process of hearings and deliberations, allowing for thorough examination and discussion before moving forward in the legislative process.

TPA is closely monitoring this streamlining package to ensure that bills include mechanisms for OC San to recover its costs for connection and capacity charges.