
MEMORANDUM

To: Orange County Sanitation District
From: Townsend Public Affairs
Date: August 22, 2025
Subject: July-August 2025 Legislative Monthly Report

STATE UPDATES

Summer Recess offered a modest reprieve to Members, staff, and advocates as the Legislature breaks for four weeks before the sprint to the finish of the legislative session on September 12. Legislators have returned to their districts for constituent meetings, tours, and negotiating the fate of active bills ahead of key deadlines during August and September. When the Legislature resumes after the recess, the final stretch of the 2025 legislation promises to be active and consequential as high-impact policy initiatives will move quickly. On deck are measures related to land use, fiscal policy, housing and homelessness, transparency, immigration response, and emergency relief.

The schedule for the End of Session is as follows:

- **August 18:** Legislature reconvened
- **August 29:** Appropriations Committees Held Suspense File Hearings
- **September 2-12:** Floor Sessions Only
 - **September 5:** Was the last day to amend bills on the Floor
- **September 12:** Legislature adjourns for the year
- **October 12:** Deadline for Governor to sign or veto bills

July 2025 Finance Bulletin: Year-End Revenue Update

On July 24, the California Department of Finance released its July 2025 Finance Bulletin, announcing that the state closed the 2024–25 fiscal year with General Fund revenues about \$2.7 billion above projections from the Governor’s May Revision. However, nearly half of this gain came from one-time federal reimbursements for prior-year costs.

While these temporary payments help relieve short-term fiscal pressures, they do not reflect ongoing growth in the state’s major revenue streams—personal income, sales, and corporate taxes. Consequently, the surplus should not be viewed as evidence of a sustained improvement in California’s economy or tax base.

As of June 30, the State Controller’s Office reported a General Fund cash balance of \$34 billion, sufficient to meet current obligations. The State Treasurer also valued the Pooled Money Investment Account—which combines state and local government funds—at \$178 billion at the fiscal year’s close.

While the year-end figures offer some positive indicators, the reliance on nonrecurring funds underscores the importance of cautious budgeting and long-term planning. The coming fiscal cycle will likely require continued attention to both revenue trends and expenditure pressures.

Mid-Cycle Congressional Redistricting Proposal

California lawmakers are preparing to take up a mid-cycle congressional redistricting proposal, a rapidly evolving development tied to national trends. When the Legislature reconvenes from Summer Recess on August 18, members are expected to introduce or amend legislation—or potentially a constitutional amendment—authorizing the redistricting process.

Hearings are anticipated the week of August 18–21, with floor votes possible as early as August 22. If approved, the measure would trigger a gubernatorial proclamation for a November 4 special election. Passage would permit the Legislature to redraw congressional districts for the 2026, 2028, and 2030 election cycles.

The proposal could face legal challenges and may bypass the standard referendum period. Orange County districts are expected to be among those affected, potentially altering OC San's elected representation.

STATE LEGISLATURE

As we enter the final month of California's legislative session, TPA is closely monitoring key bills that could impact OC San operations. We expect significant legislative activity and will continue to engage with lawmakers to ensure our priorities are represented.

Key issues of significance to OC

Open Meeting Legislation: Public Participation and Operational Flexibility

Since certain Brown Act requirements were suspended for local governments during the COVID-19 pandemic, the Legislature has grappled with impending sunsets, equity concerns, procedural hurdles, and operational flexibilities across a variety of legislative proposals. The most notable of the Brown Act measures, [SB 707](#) (Durazo) and [AB 259](#) (Rubio) (OC San on a "Watch" position for both), were recently merged and will see new amendments before the End of Session.

In the last month of session, themes that still need to be addressed in SB 707 include:

- **Implementation Timelines:** Impacted entities have requested a delayed implementation of the two-way communications requirements to give more time to source the required hardware and software.
- **Meeting Disruptions:** Clarifications are needed on how to address obscene or inappropriate behavior from Zoom calls during the public comment portion of meetings.
- **Internet Disruptions:** Clarifications are needed on the ability to continue the public meeting in the event internet connectivity is compromised, or if the link to the live stream fails after the meeting has already started.

- **AI Translation:** Clarifications are needed to ensure that artificial intelligence translation, not merely digital translation, is acceptable.

Local governments have requested amendments to allow more flexibility in how translated agendas are made available. Instead of relying only on physical postings, agencies could meet requirements through electronic kiosks or online platforms. If signed into law, OC San will need to ensure compliance with these new requirements.

Cap and Trade Expenditure Plan

Most of the state's 2025 budget has been established through [SB 101](#) (the 2025 Budget Act, passed June 13), [AB 102](#) (the first Budget Bill Jr.), and various trailer bills. Additional activity is expected in August and September to finalize the spending plan, including revisiting Proposition 4 bond allocations, reviewing Greenhouse Gas Reduction Fund (GGRF) expenditures through Cap and Trade reauthorization, and addressing conformity issues related to H.R. 1.

In April, Governor Newsom announced his commitment to permanently extend the Cap and Trade program before its expiration in 2030. This program generates revenue through the auction of greenhouse gas emission allowances, which is deposited into the GGRF. Most of this funding is dedicated to specific climate-related programs, such as the Affordable Housing and Sustainable Communities Program, the Low Carbon Transit Operations Program, and the High-Speed Rail Project, while the remaining revenue is available for discretionary spending determined by the Legislature through the annual budget process.

The enacted budget approved the newly named "Cap and Invest" [May Revision Finance Letter](#), which amended or eliminated various budget items to be determined later. It adjusted the GGRF allocation to CAL FIRE down to \$500 million and included intent language regarding future shifts from GGRF to CAL FIRE. For High-Speed Rail, discussions on a \$1 billion annual appropriation were deferred to the broader reauthorization process. As a result of these deferred decisions, legislators are expected to play a larger role in shaping future GGRF funding allocations.

Earlier this year, Governor Newsom proposed a multiyear spending plan to implement Proposition 4, with a sum of \$2.7 billion to be allocated in 2025-26. Until 2040, the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024 is slated to authorize \$10 billion towards a variety of climate, energy, and wildfire-related projects and programs overseen by about 30 different state entities. This year's allocations are expected to include the following commitments, according to the Governor's proposed spending plan:

- \$1.074 billion for Safe Drinking Water, Drought, Flood, and Water
- \$325 million for Wildfire and Forest Resilience
- \$173 million for Coastal Resilience
- \$286 million for Biodiversity and Nature-Based Climate Solutions
- \$275 million for Clean Energy
- \$286 million for Park Creation and Outdoor Access

- \$102 million for Extreme Heat Mitigation
- \$134 million for Climate Smart Agriculture

[AB 100](#), a Budget Bill Jr. amending the 2023 and 2024 Budget Acts, accelerated \$181 million in Proposition 4 funding for wildfire prevention activities across the state as part of the recovery package for the Eaton and Palisades fires. In total, around \$300 million in Prop 4 funds were shifted to backfill General Fund costs due to the state's strained budget position. Some Prop 4 funds were also allocated to several departments to support staff related to bond appropriations. Discussions on spending and project eligibility are expected to resurface in follow-up budget trailer bills.

Conversations around the Cap and Trade/Cap and Invest program are particularly relevant given the advocacy efforts of OC San board and staff for funding a new biosolids management program. TPA continues to push for this funding to be included in future expenditure plans.