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**STATE BUDGET UPDATE**

- Governor's Budget Expects \$2.9B Deficit (Smaller than \$18B Projected by LAO)
- New estimates show we are \$8.5 billion ABOVE projections, Surplus Rumors
- Preparing for Funding Opportunities
- Negotiations and Budget Committees – Next Milestone during May Revision

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## KEY LEGISLATION IN 2026

*AB 218 (Ward) – Proposition 218 Omnibus Implementation Act - Support*

### Details


- AB 2180 clarifies how local governments may demonstrate compliance with the constitutional requirement that fees not exceed the proportional cost of service.
- The bill allows agencies to use any reasonable method to allocate service costs among parcels, supported by existing or reasonably estimated data.
- The bill is sponsored by ACWA.

### Status and Position

- OC San has taken a support position
- AB 2180 has passed the Assembly and is in the Senate

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## KEY LEGISLATION IN 2026

*AB 2381 (Johnson) –Local Agency Public Construction Act: Lowest Responsible Bidder - Support*

### Details

- AB 2381 amends the Local Agency Public Construction Act to update competitive bidding requirements for municipal water districts and sanitation districts.
- Specifically, the measure increases the threshold for public works contracts that must be awarded to the lowest responsive and responsible bidder from \$35,000 to \$220,000.

### Status and Position

- OC San has taken a support position
- AB 2381 died in the Assembly on April 24

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## KEY LEGISLATION IN 2026

AB 2777 (ESTM Committee) - State Water Pollution Control Revolving Fund program: loans; water reuse - Support

### Details

- This bill would provide additional flexibility for the State Water Resources Control Board to modernize the Clean Water State Revolving Fund (CWSRF) loan program.
- The bill would authorize the state board to assess fees in place of an annual charge for financial assistance and would authorize the fees or annual charge to be assessed at any rate as permitted by federal law.
- This bill is sponsored by CASA and WaterReuse

### Status and Position

- OC San has signed on in support via an industry coalition letter
- AB 2777 will next be heard in Assembly Appropriations

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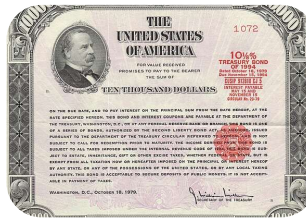
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## OTHER AREAS OF ENGAGEMENT FOR 2026



Housing and ADU Legislation



Statewide Bond Proposals



New Leadership and 2026 Election Dynamics

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Questions?



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