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**MEMORANDUM**

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**To:** Orange County Sanitation District  
**From:** Townsend Public Affairs  
**Date:** September 29, 2025  
**Subject:** September 2025 Legislative Monthly Report

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**STATE UPDATES**

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The 2025 legislative session officially came to a close on Saturday, September 13, after a frenzied final week marked by last-minute proposals, late amendments, and negotiations between leadership in both houses and the Governor's Administration. This adjournment capped the first year of the two-year 2025–26 Legislative Session, during which more than 2,700 bills were introduced.

While end-of-session policy pushes are a familiar feature of California's legislative process, this year stood out for the number of sweeping amendments dropped into bill vehicles during the final 72 hours. These efforts targeted major issues such as Cap and Trade reauthorization, housing and land use, and public safety reforms.

Governor Newsom also kept a strong hand in session-end negotiations, seeking to shape outcomes around his climate and energy priorities as he enters his final year in office in 2026. Ultimately, his Administration worked closely with legislative leaders to advance several priority measures that took shape in several energy and climate related measures in the last week of session.

Given the State's ongoing fiscal challenges, vetoes are expected to mirror prior years, with the Governor frequently citing insufficient state resources to implement new programs and more fiscal uncertainty on the horizon. Unless otherwise specified, statutes signed into law this year will generally take effect January 1, 2026.

The end of the 2025 legislative session also signals the start of Interim Recess and the lead-up to the November 2025 statewide special election, when Proposition 50 on redistricting will headline the ballot.

Looking ahead to 2026, legislators will confront major fiscal and policy challenges, including revisiting clean-up legislation for measures passed in 2025.

Governor Newsom will have until October 12 to sign or veto legislation that reached his desk.

## The Election Rigging Response Act

When the Legislature returned from Summer Recess, the focus quickly centered on the Governor's proposal to allow mid-decade congressional redistricting. On August 18, the proposal was introduced as a three-bill package known as the *Election Rigging Response Act*, which gives California voters the option of adopting interim congressional districts before the normally scheduled timeline following the 2030 census.

The package included three measures: [AB 604](#) (Aguiar-Curry/Gonzalez), which sets forth congressional district boundaries that would only take effect if voters approve ACA 8 at the November 2025 special election; [SB 280](#) (Cervantes/Pellerin), which formally calls the special statewide election and provides procedures and funding for its administration; and [ACA 8](#) (Rivas/McGuire), a proposed constitutional amendment, if approved by voters, would temporarily authorize the Legislature to adopt congressional maps mid-decade under certain conditions until the Citizens Redistricting Commission resumes its work after the 2030 census. Both AB 604 and SB 280 contains urgency clauses and took effect immediately.

After rule waivers were approved on the floor to move the package forward on an expedited schedule, the measures were heard in the Assembly and Senate Elections Committees. Testimony and debate in those hearings were lengthy and, at times, contentious, as members of the public and legislators raised concerns about the need for mid-decade redistricting, the speed of the process, the source of the maps, and the broader national political context. The committees advanced the bills on party-line votes. On August 20, the Appropriations Committees in both houses considered the fiscal impacts of the measures and advanced them, again largely along party lines. Additionally, the California Supreme Court rejected a petition seeking to halt legislative action on the grounds that the 30-day public review period for newly introduced bills had not been met. With that challenge denied, the legal framework is now in place for the special election. However, additional lawsuits challenging the substance of the redistricting plan are expected in the months ahead, including potential claims under the Voting Rights Act and disputes over community representation.

On August 21, the Assembly and Senate Floor sessions both involved extended debate and repeated procedural motions, and ultimately the measures were approved with the two-thirds majorities needed. The Assembly passed the bills on a 57–20 vote, and the Senate followed with a 30–8 vote. Shortly after legislative passage, Governor Newsom signed the *Election Rigging Response Act* into law, immediately enacting its urgency provisions and officially setting the November 4, 2025, special election for voter consideration of the proposed amendment and redrawn maps.

The Legislature's action concluded the State's role in advancing the mid-decade redistricting proposal. Attention will now shift to the campaign ahead of the November special election for the proposal, Proposition 50, as well as to ongoing litigation that may shape how the proposal ultimately moves forward.

While Congressional District boundaries will change dramatically in some areas, it is too early to tell how *OC San* may be impacted. Should Proposition 50 pass, *OC San* will have 8 members of the House of Representatives.

## Cap and Trade Program Reauthorization

In advance of the expiration of the State's Cap and Trade program in 2030, Governor Newsom announced in April his commitment to permanently extending the program during this legislative year. The Cap and Trade program generates revenue through the auction of greenhouse gas emission allowances, which is deposited into the Greenhouse Gas Reduction Fund (GGRF) and generally allocated to climate-related programs. Most funding from the GGRF is allocated to specific programs, such as the Affordable Housing and Sustainable Communities Program, Low Carbon Transit Operations Program, and High-Speed Rail Project, and the remaining revenue is available for appropriation by the Legislature for discretionary spending programs through the annual budget process. TPA has been working with *OC San* staff and legislative stakeholders on advocating for a new grant program through Cap and Trade discretionary revenues to fund innovative biosolids management projects. This concept was discussed prior to *OC San's* Sacramento advocacy trip in April and has been continuously worked on since. Potential projects for *OC San* include the Biosolids Deep Well Injection project and Supercritical Water Oxidization.

Legislators were engaged in an intense, time-sensitive effort during the last week of the legislative session to extend the State's Cap and Trade program, now named the Cap and Invest program through 2045. The Assembly, Senate, and Governor's Office held near-daily negotiations to reach an agreement before the legislative session's end. State law required bills to be publicly available for 72 hours before a vote, meaning any deal needed to be finalized and printed by September 9 for consideration before the session ended on September 12. An agreement was ultimately reached on Wednesday, September 10, prompting the Legislature to adopt special rules extending the session to September 13. At that stage, the legislative process was highly compressed, with proposals being shaped in real time and input flowing from lawmakers, administration officials, and key stakeholders.

Proponents argued that extending the program would not only reaffirm the State's long-term climate policy but also provide regulatory certainty for investors and markets, which some experts say is crucial to keeping allowance prices stable. Without reauthorization, allowance prices are likely to remain near their floor, potentially costing the State billions in lost revenue for the Greenhouse Gas Reduction Fund; funds that finance climate projects and consumer utility bill credits.

The agreement was mostly split into two measures, one in each house. [AB 1207 \(Irwin\)](#) renews the program and makes modest adjustments to how the California Air Resources Board distributes free "allowances" (permits that authorize certain levels of emissions) to different types of regulated entities.

[SB 840 \(Limón\)](#) sets a framework for how the state will allocate revenue from the program beginning in 2026. It dedicates \$1 billion per year to High-Speed Rail and \$1 billion per year for the Legislature to allocate through the state budget. SB 840 also continues funding for housing, public transit, clean-air initiatives, wildfire prevention, and safe drinking water projects. In addition, it directs the air resources board to review its rules on "offsets", which allow companies to balance their emissions by funding reductions elsewhere, with an updated study due in 2026.

Funding for innovative biosolids management was not included in the new Greenhouse Gas Reduction Fund expenditure program, however progress was made to make the process more open to change.

The Legislature broadly went away from continuous appropriations/allocations and instead converted existing continuous funding streams into specific dollar amounts, subject to change. In future budget years there will be opportunities to engage with the Legislature to advocate changes to the Greenhouse Gas Reduction Fund expenditure plan.

Both Cap and Trade reauthorization bills were signed into law by Governor Newsom on September 19.

### **Proposition 4 Appropriations**

In addition to major action on Cap and Trade and other key legislative proposals, the Legislature also passed a wide-ranging package of budget measures in the final days of the 2025 legislative session. Lawmakers adopted amendments to prior budget acts and advanced trailer bills covering human services, education finance, higher education, early childhood education and childcare, transportation, economic development, labor, public safety, wildfire-related tax relief, background checks, state employment, and elections. These measures collectively implement and refine the policy and funding priorities set out in the 2025 state budget.

As a part of the 2025 Budget Act, [AB/SB 105](#) made much anticipated appropriations from the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024, otherwise known as Proposition 4. The bond approved \$10 billion in total spending, and the 2025-26 expenditures tally up to \$3.287 billion, including:

- \$1.2 billion for Safe Drinking Water, Drought, Flood, and Water Resilience
- \$416 million for Wildfire and Forest Resilience
- \$279 million for Coastal Resilience
- \$110 million for Extreme Heat Mitigation
- \$390 million for Biodiversity and Nature-Based Solutions
- \$153 million for Climate Smart Agriculture
- \$466 million for Park Creation and Outdoor Access
- \$275 million for Clean Air and Energy

These funds will be disbursed to various state agencies for local and statewide programs and projects to implement the bond. TPA has been tracking the rollout of Proposition 4 for *OC San*, specifically the appropriation of the water recycling funding from Proposition 4. AB/SB 105 appropriated \$153 million out of the \$386 million included in Proposition 4. That funding will not be allocated by the State Water Resources Control Board through their annual Intended Use Plan.