
MEMORANDUM

To: Orange County Sanitation District
From: Townsend Public Affairs
Date: May 1, 2024
Subject: State Legislative Monthly Report

STATE LEGISLATIVE UPDATES

The month of April included the State Legislature's quick pace of considering and amending legislation to ensure bills progressed through their first house. April featured a major legislative deadline for policy committees to hear and report bills to the fiscal committees that have a cost to the State. Measures deemed to have a fiscal impact that did not meet this deadline have failed to progress for the remainder of the legislative session.

Looking forward to the month of May, Governor Newsom will release the May Revision of his proposed FY 2024-25 State Budget. The "May Revise" edition of the budget framework reflects revised revenue and expenditure estimates for both the current and budget years and allows the Administration and the Legislature to reconcile and reconfigure spending plans appropriately.

Below is an overview of pertinent actions from the month of April.

Most Legislative Priority Bills Pass Policy Committee Deadline

April 26 marked the critical deadline for fiscal bills to pass out of policy committees in their houses of origin. Most priority bills continue their legislative journey and await their hearing in the Appropriations Committees or Floor votes. Below are summaries of several important legislative efforts.

Partly due to the massive improvement in statewide water conditions from record setting rain and snow events, as well as the prevalence of influential legislation in recent years, water and sanitation policy areas have not been a major priority of the Legislature this year. Focus in the industry has largely been spent working with the State Water Resources Control Board on the drafting and implementation of the Making Water Conservation a California Way of Life regulations which implement indoor water use objective bills AB 1668 (Friedman)/SB 606 (Hertzberg) from 2018. However, there are several bills that are of interest this year, dealing with a variety of topics including impact fees, Proposition 218, and drought resiliency.

- [AB 2257 \(Wilson\)](#) restricts legal actions against local agencies for alleged noncompliance with constitutional provisions regarding fees or assessments and requires individuals or entities to submit written objections specifying noncompliance grounds before filing lawsuits. This measure limits judicial review to specific documents if agencies follow set

procedures and prohibits separate legal actions on the adequacy of agency responses. *This bill has passed its policy committees and is currently on the Assembly Floor.*

- **[SB 903 \(Skinner\)](#)** would prohibit a person from distributing, selling, or offering for sale in the state a product that contains intentionally added per- or poly-fluoroalkyl substances (PFAS) unless the use of PFAS is currently unavoidable. SB 903 would also authorize the Department of Toxic Substances Control (DTSC) to establish regulations to administer the prohibition, which includes a financial penalty per day that a manufacturer is out of compliance. *This bill has passed its policy committee and is currently on the Senate Appropriations Committee's Suspense File. OC San Supports.*
- **[SB 1072 \(Padilla\)](#)** requires, if a property-related fee or charge creates revenues in excess of the local government's reasonable cost of providing the specific benefit or specific government service, that the excess revenues be used only to reduce the subsequently adopted and following property-related fee or charge. *This bill has passed its policy committee and is currently on the Senate Floor. OC San Supports.*
- **[SB 1210 \(Skinner\)](#)** requires utilities, including water and sewer utilities or municipalities providing water and sewer services, to post information for new housing construction on their websites. Information required to be posted includes the amount of any charge issued for a connection, capacity charge, or other point of connection charge by housing unit's address, and the schedule of fees for a service connection, capacity charge, or other point of connection charge. Furthermore, SB 1210 requires that utilities allow applicants to track where the applicant is at in the queue for service connection; and receive a reasonable estimate regarding when the utility will complete the applicant's service connection. *This bill has passed its policy committees and is currently in the Senate Appropriations Committee. OC San Opposes.*

State Budget Update

On April 11, the Legislature passed [AB 106 \(Gabriel\)](#), the first of several expected budget bills in the coming months, representing the non-controversial budget solutions that the Legislature and the Governor agreed to the previous week. Governor Newsom signed AB 106 into law on April 15.

The measure, called the "Early Action Budget Agreement," includes much of the funding shifts, delays, and reductions that were included in the Governor's January budget. Including:

- \$3.6 billion in reductions (largely to one-time spending);
- \$5.2 billion in revenue and borrowing;
- \$5.2 billion in delays and deferrals; and
- \$3.4 billion in expenditure shifts from the General Fund to other state funds, including GGRF.

This Agreement addresses none of the more difficult decisions, such as what discretionary programs will be cut from the General Fund in the coming year. It is anticipated that those discussions will be advanced in yet-to-be released budget bills in the next few weeks. The Assembly Budget Committee posted a programmatic summary of the early actions [here](#).

Tax Ballot Measure Headed to California Supreme Court on May 8

On April 18, the California State Supreme Court [announced](#) they would hear oral arguments on May 8 in the case to remove the Taxpayer Protection and Government Accountability Act (Act) from the November 2024 ballot. In November 2023 the California State Supreme Court granted a hearing request from Governor Gavin Newsom and Democratic legislators to remove the Act from the November 2024 ballot. While the request to have the measure immediately removed from the ballot was denied, the Court requested written arguments from election officials and measure sponsors proving why the measure should go before the voters, which was due in February 2024. The case has now been scheduled for oral arguments to begin on May 8.

The Act seeks to raise vote threshold requirements for the passage of state and local tax measures and imposes a stringent burden of proof standard that local governing bodies must meet when modifying or increasing all taxes and fees by justifying their use, need, and duration. This could have major impacts to the fees that OC San can charge customers. The measure is sponsored by the California Business Round Table and its affiliates. If enacted by voters, it would make it more difficult for local governments to maintain existing tax revenues and the ability to modify them in the future.