
M E M O R A N D U M

To: Orange County Sanitation District
From: Townsend Public Affairs
Date: May 3, 2023
Subject: Monthly Legislative Report

State Legislative Updates

The month of April saw the State Legislature's quick pace of considering and amending legislation to ensure bills progressed through their first house. April featured the legislative deadline for policy committees to hear and report to fiscal committees fiscal bills introduced in their house. Measures deemed to have a fiscal impact that did not meet this deadline have failed to progress and will become 2-year bills. Below is an overview of pertinent state actions from the month of April.

State Legislature

With the deadline for measures with a fiscal impact to receive policy committee consideration by April 28, the month of April featured policy committees with packed agendas. The deadline marks an important milestone for bills, given that policy committees are responsible for the consideration of a bill's policy implications. During the policy committee process, bills are amended and refined pursuant to committee member and stakeholder input. If they are deemed to have a fiscal impact, upon passage in their respective policy committees, they move over to the applicable Appropriations Committee, which gauges impacts on the State's financial ability to support proposed programs. The shift from policy considerations to fiscal considerations aligns with the State's budget process, which will kick into high gear in May, with the release of the May Revision. The revision will offer an assessment of the State's overall fiscal condition and ability to accommodate additional spending programs contained within various bills.

Notable outcomes from April's policy committee deadline for fiscal bills include the following, organized by issue area:

Water and Sanitation

- [AB 234](#) (Bauer-Kahan) would prohibit a synthetic polymer microparticle from being placed on the market in this state as a substance on its own or, where the synthetic polymer microparticles are present to confer a sought-after characteristic, in mixtures in a concentration equal to or greater than 0.01% by weight.
This bill was pulled from the Committee by the author and is now a two-year bill. The bill will be amended and brought back next year.
- [AB 246](#) (Papan) would prohibit any person from manufacturing, distributing, selling, or offering for sale in the state any menstrual products that contain regulated PFAS.
This bill passed the Assembly Environmental Safety and Toxic Materials Committee

- [AB 727](#) (Weber) would prohibit a person from manufacturing, selling, delivering, distributing, holding, or offering for sale in the state a cleaning product that contains regulated PFAS.
This bill passed the Assembly Environmental Safety and Toxic Materials Committee.
- [SB 23](#) (Caballero) requires various State Agencies to take final action on water quality certifications issued under the federal Clean Water Act and issue permits in specific timeframes for water supply and flood risk reduction projects.
This bill passed the Senate Environmental Quality Committee.

Brown Act Reform/Open Meetings

- [AB 557](#) (Hart) eliminates the sunset date on provisions of law allowing local agencies to use teleconferencing without complying with specified Ralph. M Brown Act (Brown Act) requirements during a proclaimed state of emergency.
This measure passed the Assembly Local Government Committee unanimously.
- [AB 817](#) (Pacheco) allows a subsidiary body of a local government to use teleconferencing, with certain requirements.
This bill's hearing was postponed at the request of the author, likely in order to take substantive amendments before its hearing.
- [AB 1379](#) (Papan) revises teleconferencing provisions included in AB 2449 (Rubio, statutes of 2022) by removing restrictions on the frequency of teleconferencing and its geographical barriers for participating in meetings remotely.
This measure was held by the Author due to disagreements on the scope of the policy with the Assembly Local Government Committee Chair. It could be reconsidered next year.

Governance and Transparency

- [AB 1637](#) (Irwin) requires local governments to switch to a .gov domain. The measure took amendments to push out the timeline for compliance from 2025 to 2026.
This measure passed the Consumer Protection and Privacy Committee and will move to the Appropriations Committee for Consideration.

Air Resources Board Approves Advanced Clean Fleets Regulation

On April 28, the California Air Resources Board (ARB) unanimously voted to approve the controversial Advanced Clean Fleets regulation banning the sale of new diesel big rigs, delivery and garbage trucks by 2036 and requiring large fleets to reach 100 percent zero-emissions by 2042 or sooner, depending on the vehicle type. This regulation also applies to all State and local government fleets, including city, county, special district, and State agency fleets. According to ARB, the goal of this effort is to accelerate the number of medium and heavy-duty zero-emission vehicle purchases to achieve a full transition to zero-emission vehicles in California as soon as possible.

Some freight transportation companies and local government officials call the deadlines in the rule unachievable. They say the new technology still has major drawbacks, including the high cost of electric trucks and their low battery range. The State also has not yet developed a charging network to support electric trucks, and existing chargers can take hours in some cases.

California has more than 80,000 electric vehicle chargers deployed across the State. An additional 17,000 are set to be installed, however, the State will need approximately 1.2 million chargers to support the 7.5 million electric vehicles expected on the roads by 2030. In addition, numerous stakeholders have significant doubt about the ability to generate enough electricity to meet demand. The State must triple its power-generation capacity if it wants to electrify vehicles and other sectors of the economy. However, State officials said they were confident that the 12.5 million passenger cars and trucks hitting California roads by 2035 will not strain the grid.

Senate Democrats Release Budget Priorities Document in Preparation for May Budget Season, Highlighting Key Differences Between the Governor's and Legislature's Plans

On April 26, the Senate Democratic Caucus released its revised [budget priorities](#) document in preparation for the Governor's release of the May Revision of the Budget. Beginning in January of each year, the Governor releases a preliminary budget proposal, which kicks off the call-and-response process between the Administration and the Legislature on how best to spend taxpayer dollars. The budget process is in a unique position this year, with the extension of the tax filing deadline for individuals and businesses as a result of the severe winter storms. This extension will impact the delivery of returns data the Department of Finance will need to compile an accurate and comprehensive spending plan.

One of the fundamental differences between the Governor's and the Legislature's spending plans is whether or not to draw on reserve funds to mitigate issues associated with the anticipated deficit, which was projected to be close to \$22 billion in January. The Governor proposed spending cuts and deferrals to programs to protect the over \$37 billion in reserve funds, citing concerns with a looming recession and the need for cash on hand should the state experience an economic downturn. The Legislature, on the other hand, has proposed using reserve funds to keep key spending programs funded at current levels, which points to the name of their counter-budget proposal – "Protect our Progress."

However, other budget experts caution against the use of reserve funds. For instance, in Mid-April, the State's Legislative Analyst Gabe Petek released an [article](#) overviewing the State's anticipated fiscal condition, its causes, and the implications of drawing from reserve funds to offset revenue losses. Petek iterated that the revenue construction is not an outright downturn, but rather the other side of its recent revenue boom. The extraordinary General Fund revenue growth was allocated toward massive one-time and multi-year spending programs that are too high relative to revenue performance typical of historic norms.

Petek warned that recent turmoil in the banking sector, tech industry losses, and inflation and unemployment trends point to a looming recession that could send revenue estimates below baseline levels. To preserve mid-range financial security within the State, he favors the preservation of reserve funds and the cut and deferral of existing spending programs. While not the final decision maker on the matter, the Legislative Analyst's Office offers critical insight into the State's fiscal condition to be incorporated into spending practices. This insight could influence the State's final spending strategy.

Key spending priorities within the Senate Democrat's budget plan include the following:

- Rejects proposed cuts and delays to key infrastructure investments, such as broadband, transit, student housing, climate package investments, libraries, and more.
- Accelerates previously budgeted Transit Infrastructure funds and provides local flexibility to enable the funds to be used for operations as a bridge until a permanent operations fix can be established.
- Creates a \$10 billion Housing and Infrastructure Fund to fund one-time projects and programs that the Governor proposes to cut or delay. This includes Funding affordable housing, Transit infrastructure, Broadband, Clean energy, Student housing, School facilities, and more.
- Turns current one-time funding for the HHAP program into \$1 billion of ongoing funding to provide local governments.
- Provides \$4.3 billion in tax relief by slashing tax rates by 25 percent for small businesses, improving the Renters Tax Credit and CalEITC, and implementing the Workers Tax Fairness Tax Credit.

The Governor will release his May revision to the budget next month, which will guide ongoing negotiations between his Administration and the Legislature. However, due to the delay in tax return data, a comprehensive budget plan may not be fully realized until later this summer.