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Consulting and Governmental Relations

April 28, 2022

TO: Transportation, Water, and Infrastructure Committee

FROM: Mark Watts

SUBJECT: Sacramento Report – May TWIC

This memo reports on developments and activities of interest to the Transportation, Water and Infrastructure Committee (TWIC).

STATE BUDGET PROCESS UPDATE

Overview

With the much anticipated May Revision to the State Budget proposal anticipated during the week of May 9 the Senate and Assembly Budget Subcommittees are beginning to reconvene beginning with this week and extending into early May to take on the many April Finance Letters that the Department of Finance submitted to make technical cleanup items and modifications to the budget. The subcommittees will also be addressing many items left over from the February rounds of Subcommittee initial hearings.

Senate Hearings

Senate Budget Subcommittee #5 (Transportation) has scheduled hearings, resuming this Thursday, April 28, followed by additional hearings coming up on 5/3, 5/4, 5/11, and 5/12. The 5/4 hearing will cover “open” issues held over from earlier meetings on **transportation** departmental budgets. The 5/12 meeting will attempt to wrap up any remaining “open” items.

Assembly Hearings

The Assembly Budget Subcommittee #3 (Transportation) has set its first hearing on May 4, with other hearings not yet set in the Daily file. This hearing is set to be all encompassing, covering transportation departmental budgets that have April Finance Letters from the Department of Finance to be addressed.

Senate Activity

“Putting Wealth to Work” Phase 2 of Senate State Budget Plan Released

The pro Tem and Senate Budget Chair released [Phase 2 of their “Putting Wealth to Work”](#) budget proposal this morning. In recent years, the Senate and Assembly have started to announce their priorities before the Governor’s big budget milestones (January Budget and May

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Revise). This is the plan the Senate will measure the May Revise against during upcoming budget hearings. We assume the Assembly will follow suit shortly.

- Rebates: The Senate plan includes their previously released “Better for Families Tax Rebates” proposal to offset the cost of inflation across consumer goods, energy costs, and the economic impacts of the pandemic. With a total price tag of \$8 billion to be paid for with surplus General Fund resources, the plan includes:
 - \$200 per taxpayer plus \$200 for dependents, up to \$125,000/\$250,000 income (Single/Joint filers).
 - Supplemental one-time monthly grant for CalWORKs families and SSI/SSP recipients, to ensure Californians struggling the most benefit.
 - Grant program for other low-income Californians who are not income tax filers.

- Transportation funding: The Senate is proposing a \$20 billion, four-year package, with third and fourth years being subject to appropriation. This is approximately \$9 billion more than the Governor’s January transportation funding package. However, no additional details have been made available in terms of how the \$20 billion would be invested. We will carry on with our advocacy to access General Fund for local high-cost bridges and one-time augmentations to SB 1 competitive grant programs.

After the Governor releases the May Revise, the final round of subcommittee and full budget committee hearings will begin the week after, and then it’s a month long-rush to negotiate the final details and convene a conference committee with a final budget being due June 15.

PROBLEM SOLVERS CAUCUS WEIGHS IN ON GAS TAX HOLIDAY

A bipartisan group of legislators (dubbed the [Problem Solvers Caucus](#)) released its own plan to address high prices at the pump today. Here are the highlights, but much more detail is needed, particularly how the plan would “explicitly require” cost savings be passed onto consumers. This concept is not in print and it’s unclear at the time of this writing if they PSC intends to introduce a bill or try to negotiate this in the state budget.

- ✓ The proposed suspension of the gas tax and the provisions associated with it is a commonsense idea that gets immediate relief to drivers if we do it the right way.

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- ✓ The plan would suspend the gas tax for one full year and guarantee lower prices at the pump.
- ✓ The plan explicitly requires that 100 percent of the savings from this tax cut are passed on to drivers.
 - The plan will treat any pocketing of this tax cut by retailers as an unfair business practice.
 - The plan will allow for similar enforcement to current law, with reasonable civil penalties that give this requirement enough teeth to ensure drivers see a price cut at the pump.
- ✓ The plan would require retail purchase receipts to show these savings to allow the public to see how their tax dollars are being spent, while creating an accounting mechanism to ensure discounts are applied to each gallon of gas.
- ✓ Under the proposal, a portion of California's multibillion-dollar surplus would be allocated to backfill ALL transportation revenue, to ensure that the critical investments we are making in our highways, streets, and roads continue uninterrupted.

GOVERNOR APPOINTS NEW COMMISSIONER TO CTC

Adonia E. Lugo, 38, of Los Angeles, has been appointed to the California Transportation Commission. Lugo has been Interim Chair and Teaching Faculty at Antioch University Los Angeles since 2015. She was Global Sustainability Resource Center Manager at the University of California, Irvine in 2017. Lugo was an Adjunct Instructor at California State Polytechnic University, Pomona in 2017 and at California State University, Los Angeles from 2015 to 2016. She was Equity Initiative Manager at the League of American Bicyclists from 2013 to 2015. Lugo is a member of the Untokening and the Los Angeles County Metro Community Advisory Council. She earned Doctor of Philosophy and Master of Arts degrees in Anthropology from the University of California, Irvine.