

# Smith, Watts & Hartmann, LLC

## Government Affairs

January 25, 2022

### MEMORANDUM

TO: John Cunningham

FROM: Mark Watts

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The following is a brief update on developments and activities occurring within the opening days of the 2023-24 Legislative Session.

**State Budget.** On January 18, the Senate Budget committee met for an initial overview of the Governor's State Budget proposal for 2023-24. This included presentations by the Department of Finance Chief Deputy Director and the Legislative Analyst with each discussing the major economic issues associated with the budget and the Governor's proposals in response to these. As a reminder, the state's General fund Budget includes a General Fund revenue estimate that is \$29.5 billion lower than assumed in the 2022 Budget Act, and over a three year budget window, the Governor's budget projects a budget gap of \$22.5 billion in the 2023-24 fiscal year.

Sacramento leaders indicate that the state's ability to withstand an economic slowdown is very strong and that is the result of building reserves, eliminating budgetary debt, reducing retirement liabilities, and focusing on one-time spending over ongoing investments. In no case, at this time, does there appear to be a need to consider major reductions in critical programs, although it is worth noting that after all the energy expended over the past two years by the transportation industry, the Governor does call for conditionally limiting the future year appropriations made in the 2022 Budget Act for transit capital purposes by \$2 billion and deferring other General fund appropriations for transportation programs as part of the solution to address the multi-year budget shortfall.

**Transportation Commission.** The Commission is scheduled to meet in Roseville, California, this week on January 25 (W) – 26(Th). Several key agenda items include: (1) Tab 17, Budget and Allocation Capacity, which indicates that to date the Commission has allocated \$3.38 billion for 361 projects; (2) Tab 18 which presents the STIP Fund Estimate and adoption schedule of August 2023; (3) Tab 20, related to SB 1 Accountability and Transparency Guidelines that we are presently reviewing; (4) Tab 54 that presents the most recent Office of Inspector General Report on Findings and Recommendations related to state transportation programs; and (5) Tab 58, the Department's 1<sup>st</sup> Quarter Project Delivery Report.

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**New Committee Assignments.** We previously reported on the announcements of committee chairs in each house. Subsequently, the Senate Rules Committee established committee membership assignments and this week, the Assembly Speaker followed suit. Limiting ourselves to the two policy committees and the two budget subcommittees for now, the committee rosters appear as follows:

Assembly	Senate
<b>Transportation</b>	<b>Transportation</b>
Friedman, Chair Fong, V. Chair Berman J. Carrillo Davies Gipson Hart Kalra Lowenthal Sanchez Wallis Wicks  Note: Red indicates CC County representation	L. Gonzalez, Chair Niello, V. Chair Allen Archuleta Becker Blakespear Cortese Dahle Dodd Limon McGuire Newman Nguyen Seyarto Umberg Wahab
<b>Budget Sub #3</b>	<b>Budget Sub #5</b>
Bennett, Chair Connolly Essayli Friedman E. Garcia Patterson L. Rivas	Durazo, Chair Newman Seyarto

**Bill introductions.** With last week the deadline for submitting new bill ideas to Counsel, for drafting purposes and late February the deadline for introducing new bills, we are not yet seeing the typical “flood” of new legislation. Attached is a draft, initial matrix of key transportation bills introduced thus far.

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