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Consulting and Governmental Relations

April 4, 2023

To: Transportation, Water, and Infrastructure Committee (TWIC)
c/o John Cunningham, Committee Staff

From: Mark Watts

Re: March 2023 State Advocacy Report

The following is a report on state legislation, budget matters, and administrative activities of interest to Contra Costa TWIC.

2023 Legislative, Budget & Administrative Updates

During the month of March, legislative policy committee hearing activity was considerable with both bill and informational hearings. The Legislature adjourned for its Spring Recess on Thursday, March 30 and returns to session on Monday, April 10. The remainder of April will again be busy with policy committee hearings to meet the first legislative deadline of April 28, the date by which fiscal bills must pass their first policy committee hearing if they want to keep moving in the first year of the new two-year session.

Major Transportation Planning and Climate Bills Amended

Assembly Transportation Committee Chair Friedman recently amended her Assembly Bills 6 and 7 related to sustainable communities' strategies and transportation project selection. Both bills were heard in the Assembly Transportation Committee on Monday, March 27.

- [AB 6](#) (Friedman): AB 6 now makes changes to the Air Resources Board's technical review process for regional sustainable communities strategies (SCSs), including requirements that regions 1) give CARB notice of their proposed technical methodology for calculating greenhouse gas emissions 60 days prior to conducting public outreach on the SCS, 2) receive CARB approval of the technical methodology, and 3) submit the SCS or alternative planning strategy to CARB for review and approval within 120 days of adoption.
- The bill also requires project nominations for the Solutions for Congested Corridors Program to demonstrate how the project would contribute to achieving greenhouse gas emissions reductions.

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- [AB 7](#) (Friedman): AB 7 requires the selection process for specified transportation projects to include the following criteria: asset management goals (such as bridge and pavement condition), safety improvements, accelerated project delivery and environmental review, accessibility for all road users, water quality and greenhouse gas emissions goals, climate resiliency, adapting to future transportation technologies (such as electric vehicle charging), reconnecting communities, and incorporating feedback from disadvantaged and underrepresented communities in the project development process.

While AB 7 applies to any project funded at least in part by state gasoline and diesel excise taxes, transportation improvement fee revenues, the Transportation Development Act's Local Transportation Fund (LTF), or Proposition 1B (2006).

- CalEnviroScreen, tribal communities, Caltrans transportation equity index priority communities, disadvantaged unincorporated communities, and other priority populations identified in a regional sustainable communities' strategy.

Two Key Brown Act Bills Now in Print

- [AB 557](#) (Hart): Sponsored by the California Special Districts Association, the League of California Cities, and the California State Association of Counties, AB 557 would eliminate the sunset provisions included in AB 361 (R. Rivas, 2021), which authorized remote meetings during a state-declared emergency, extend the renewal period from 30 days to 45 days.
- [AB 817](#) (Pacheco): Jointly sponsored by the California Association of Recreation and Park Districts and the League of California Cities, AB 817 would authorize local boards, commissions, subcommittees, etc. that are not legislative bodies to meet remotely.

State Budget Outlook: Revenues Continue to Miss Projections

The Department of Finance's latest monthly finance bulletin delivered more bad news for the 2023-24 state budget. The information through February 2023 indicates General Fund revenues were \$1.4 billion below projections, including a 25 percent shortfall for the month in combined personal and corporate tax income revenues. Year-to-date state revenues through February are now \$4.7 billion below the Administration's January budget proposals for all general purpose revenue sources. The Legislative Analyst's Office (LAO) has also updated its revenue estimates for income and sales and use tax revenues for the year, estimating that they may be about \$5

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billion below the Administration's budget projections. We hope to know more as we get closer to the release of the May Revision.

Legislature Examines Governor's Transportation Budget and Federal Infrastructure Investments

Transportation infrastructure funding was the focus of two hearings in the Legislature in late March as Assembly Budget No. 3 had its first hearing on the Governor's 2023-24 transportation budget proposals and a joint hearing of the Senate Transportation Committee and Budget and Fiscal Review Subcommittee No. 5 examined the initial steps California has taken to implement the federal Infrastructure Investment and Jobs Act (IIJA).

Members expressed numerous concerns with the proposal to eliminate \$2 billion in transit capital funding over multiple years. Climate goals will require significant expansions in the coverage and frequency of transit service as part of a broader strategy to reduce driving and invest in transit, biking, and walking.

However, Assemblymembers did not express concerns about the Governor's proposal to backfill General Fund cuts to the Active Transportation Program and the Climate Adaptation Program with State Highway Account funding. Budget Committee Chair Ting joined the Subcommittee and put the Administration on the hot seat over their actions to solicit grants for future years of funding beyond what was appropriated in the 2022-23 budget.

Special Session Update: Governor Pivots on Oil Industry Windfall Profits

Governor Newsom's new proposal, *which was amended into [SBX1 2](#) (Skinner)*, was passed by both houses of the Legislature and the Governor signed the measure into law on March 28. The law, which will go into effect June 26, 2023 will:

- Create a new independent watchdog within the California Energy Commission (CEC). The new commission is charged with monitoring California's petroleum market on a daily basis to ensure market participants conduct themselves appropriately. The watchdog will have authority to subpoena oil companies for data and records to reveal patterns of misconduct or price manipulation and authority to refer violations of law to the Attorney General for prosecution.
- Authorize the CEC to set a price gouging penalty via a public rulemaking process by imposing a civil penalty on refiners who charge more than a maximum allowable margin for the price of gasoline.
- Enhance the state's authority to examine California's higher than average gas prices and enforce reporting requirements on the oil industry.