



STAFF REPORT
9/21/2026

TO: Honorable Mayor and City Council Members

FROM: Gustavo J. Romo, City Manager

PREPARED BY: Oracio Gonzalez, City State Lobbyist

SUBJECT: 2026 State Legislative Session Summary — Chromium-6, State Budget, and Bills of Note

PROJECT DESCRIPTION:

Summary of State's major legislative and budgetary developments since the Legislature's 2026 regular session adjournment on August 31, 2026.

STAFF RECOMMENDATION:

Receive and file.

Fiscal Impact:

None.

BACKGROUND:

The California Legislature adjourned its 2026 regular session on August 31, 2026, the constitutional deadline for it to pass and send bills to the Governor for his consideration. The Governor has until September 30, 2026, to sign or veto legislation. This memo summarizes the major legislative and budgetary developments most relevant to the City this session: (1) chromium-6 compliance funding, (2) the State Budget Act of 2026, and (3) bills of note.

DISCUSSION:

I. Chromium-6 Compliance Funding

Division of Drinking Water State Revolving Fund Intended Use Plan

On May 20, the members of the Council traveled to Sacramento for meetings with

Assemblymember Jeff Gonzalez, Assemblymember Carrillo and the office of Senator Steve Padilla to press the City's chromium-6 funding case. Our core message was that the city's rate study demonstrating that compliance costs would be unaffordable for its ratepayers even with low-interest financing and we would require state assistance beyond what conventional low-cost debt could provide to maintain affordable water rates.

Our primary "ask" across all three meetings was to encourage each office to voice support for the State Water Resources Control Board ("Water Board") maintaining its policy of allowing up to \$50 million in principal forgiveness for qualifying chromium-6 systems, a policy change the City helped secure the year prior. A secondary "ask" was made for inclusion of a dedicated budget appropriation to support compliance costs statewide, building on a framework that was being actively advanced by Assemblymember Gonzalez and Wallis.

In addition, at the invitation of Assemblymember Juan Carrillo, members of the Council briefed members of the Inland Empire Caucus on the City's needs, and the importance of ensuring the state did not backtrack on its principal forgiveness policy. Overall, our efforts proved successful and, as adopted in August, the Intended Use Plan for the Drinking Water State Revolving Fund maintained the \$50 million total-project principal forgiveness cap. Per-connection thresholds were adjusted upward, but the headline cap we advocated for held.

A Structural Concern: Low Application Volume

As part of our review of the draft Intended Use Plan, we also identified a concern that bears directly on the prospects for any future direct budget appropriation for chromium-6: very few of the cities and water systems actually impacted by the chromium-6 standard have submitted funding applications to the State Water Board to date.

This matters strategically. Low application volume creates the impression at the Legislature that existing Drinking Water State Revolving Fund and principal-forgiveness resources are sufficient to meet statewide demand. That impression, in turn, makes it very unlikely that budget leadership will support a direct, dedicated appropriation for statewide chromium-6 compliance above what is already in place. In short, the perceived need is not showing up in the application data, regardless of the underlying affordability problem documented in our rate study.

It is not surprising then, that the City's request to Senator Padilla for a dedicated \$50 million appropriation in the State Budget was not successful. The Senator agreed to make the request, but the funding was not approved likely as a direct result of the perception issue described above. Closing this gap will require encouraging more impacted jurisdictions to file applications so that the true statewide funding shortfall is visible to the Water Board and the Legislature. This area of work will be a priority for the coalition-building work ahead, alongside our continued engagement with the Community Water Systems Alliance, the statewide association engaging on this matter.

Note, the Community Water Systems Alliance will be holding its annual conference in the Coachella Valley in November 2026.

II. State Budget Act of 2026

The Legislature passed, and the Governor signed, the \$351.7 billion State Budget Act of 2026 on June 29, 2026. The budget was heavily shaped by the state's response to House Resolution 1, the President's Big Beautiful Bill/federal budget, which threatened significant cuts to CalFresh, Medi-Cal, and other safety-net programs. On balance, the budget is good news for Coachella as it protected many of the programs most relevant to City residents. Key items are summarized below.

Program Area	Key Action	Relevance to Coachella
Medi-Cal	The Governor's proposed cuts to dental, clinic payment, and full-scope Medi-Cal for the undocumented were delayed through July 1, 2027; Program of All-Inclusive Care for the Elderly rate	Protects a heavily Medi-Caldependent resident base; protection is time-limited
	Caps and acupuncture benefit elimination was rejected outright; In-Home Supportive Services also rejected.	and will need renewed advocacy before mid-2027.
Food Security	CalFood \$100M (+\$70M over Governor's budget); \$223M for county CalFresh eligibility workers plus \$14M for outreach; \$20M Fruit & Vegetable Pilot.	Directly supports local food banks (e.g., Galilee Center) and Riverside County enrollment capacity as federal CalFresh eligibility tightens.
Immigration Legal Services	\$175M statewide for immigration legal aid, including \$10M targeted to Inland Empire/Imperial Valley capacity-building and \$39M for Medi-Cal transition navigators.	The single largest area of budget enhancement over the Governor's proposal; highly relevant given Coachella's immigrant community.
Salton Sea / Environment	\$16.2M for the Salton Sea North Lake Pilot; \$150M General Fund for Assembly Bill 617 Community Air Protection.	Eastern Coachella Valley is a designated Assembly Bill 617 community and is well positioned to compete for these funds.

Public Safety	\$50M for Proposition 36 implementation; \$80M ongoing for Nonprofit Security Grants.	Nonprofit Security Grants are applicable to Coachella houses of worship and community organizations.
Affordable Housing	Homeless Housing, Assistance, and Prevention Round 7: \$900M statewide (+\$400M over Governor's budget); Low-Income Housing Tax Credit +\$500M; Multifamily Housing Program \$200M; \$11.25B housing bond placed on the November 2026 ballot.	City and Riverside County are eligible Homeless Housing, Assistance, and Prevention applicants; supports farmworker and rental housing production.

A note of caution: full-scope Medi-Cal protections, along with all of the delayed cuts above, are guaranteed only through the 2026-27 budget year (July 1, 2027). Ongoing advocacy will be needed to extend these protections beyond that date.

III. Bills of Note

Over 900 bills were sent to the Governor ahead of the August 31, 2026 adjournment deadline. Below is a non-exhaustive survey of the bills of most relevance to the City of Coachella.

Immigration

- Assembly Bill 2393 (Addis) — makes it easier for people wrongfully detained by immigration authorities to sue for damages. Passed the Legislature and is on the Governor's desk.
- Assembly Bill 1896 (Mark Gonzalez) — prohibits federal immigration officers and current federal administration employees from being hired as California state employees. Passed the Legislature and is on the Governor's desk.
- Assembly Bill 2624 (Bonta) — extends the Secretary of State's "Safe at Home" address-confidentiality program to immigration support service workers and volunteers, and restricts posting their personal information online with intent to incite harm or intimidation. Signed into law by the Governor on August 22.
- Assembly Bill 1633 (Haney) — taxes companies that operate Immigration and Customs Enforcement detention facilities in California, with the state collecting 50% of related proceeds to fund immigration services. Passed the Legislature and is on the Governor's desk.
- Senate Bill 747 (Wiener) — will allow individuals to sue government officials or employees for constitutional-rights violations. Passed the Legislature and is on the Governor's desk.
- Senate Bill 1013 (Cervantes) — limits automated license plate reader data access, retention, and sharing, with amendments excluding campus transportation departments from the

definition of an automated license plate reader operator and requiring plain-language recordkeeping by administrators granting data access. Failed passage.

Local Control and Housing

- Senate Bill 1117 (Cervantes) — changes how Accessory Dwelling Unit impact fees are calculated for units over 750 square feet: instead of charging fees on the entire structure, jurisdictions may only charge fees on the square footage above the 750-square-foot threshold. It passed the Legislature and is on the Governor's desk.
- Assembly Bill 956 (Quirk-Silva) — would allow homeowners to build up to two detached Accessory Dwelling Units on a single-family lot (up from one) and clarify that Homeowners Associations cannot block otherwise-compliant Accessory Dwelling Units. Passed the Legislature and is on the Governor's desk.
- Senate Bill 922 (Laird) — clarifies that a fee or charge a local agency imposes to recover street maintenance and repair costs tied to public services such as waste hauling is not a prohibited tax or permit fee. Passed the Legislature and is on the Governor's desk.
- Assembly Bill 1751 (Quirk-Silva) — the Missing Middle Townhome Ownership Act would require ministerial, California Environmental Quality Act-exempt approval of qualifying townhome projects under three stories, in exchange for a minimum \$28-per-hour wage requirement for workers on those projects. Passed the Legislature and is on the Governor's desk.

Fiscal and Miscellaneous

- Assembly Bill 2739 (Soria) — would establish a Water Affordability and System Stabilization Fund and Trust in the State Treasury to support water affordability, relevant to the City's broader chromium-6 affordability framing. Passed the Legislature and is on the Governor's desk.
- Assembly Bill 2646 (Krell) — sets a \$19.75-per-hour minimum wage, effective January 2027, for agricultural workers employed in California under federal H-2A-type work authorization and for "corresponding" workers doing similar work for the same employer in the same county. Note this is not change to the general statewide farmworker minimum wage. Passed the Legislature and is on the Governor's desk.
- Assembly Bill 1383 (McKinnor) — would roll back key 2013 pension reforms for public safety employees, raising the pensionable pay cap to the Internal Revenue Service ceiling and lowering the maximum retirement age from 57 to 55. California Public Employees' Retirement System's actuarial estimate puts the added cost at \$282 million in new annual employer contributions under a base case (rising to \$353 million if agencies use the bargaining flexibility the bill creates) and \$4.8 billion in additional long-term liability. Passed the Legislature and is on the Governor's desk.

Data Centers and Tech

The Legislature passed seven data center bills in the final week of session, the most significant regulatory response to date given growing public concern over the industry's impact on electricity rates, water supplies, and the environment. The Governor has signaled support, stating that centers must pay their fair share. All seven bills are now on the Governor's desk. A separate set of bills addressing social media and youth screen time also passed.

Data Center Cost Allocation and Rate Protection

- Senate Bill 886 (Padilla) — requires the California Public Utilities Commission to create a special electricity rate class for data centers of 25 megawatts or larger, ensuring they cover the full cost of new generation and grid upgrades they trigger (plus a proportional share of wildfire-mitigation and other utility fees) so those costs are not shifted onto residential ratepayers. The bill also creates a mandatory demand-response program requiring large data centers to curtail power draw during grid emergencies. Passed the Legislature.
- Assembly Bill 2383 (Zbur) — a companion to Senate Bill 886, likewise requires the state to establish a special electricity rate for data centers. Passed the Legislature.
- Senate Bill 1168 (McNerney) — requires state regulators to identify opportunities for data centers to pay their reasonable share of costs for maintaining the electricity grid. Passed the Legislature.

Data Center Transparency and Environmental Review

- Assembly Bill 1577 (Bauer-Kahan) — requires data centers to report their energy use to government agencies. Passed the Legislature.
- Assembly Bill 2619 (Papan) — requires data centers to disclose information about their water use to government officials. Passed the Legislature.
- Assembly Bill 2469 (Papan) — a companion water-use disclosure bill, also requiring data centers to report water consumption data to government agencies. Passed the Legislature.
- Senate Bill 887 (Padilla) — ensures data centers are not exempt from state environmental review. This bill was introduced in response to the data center proposed in Imperial next to a residential community, where local officials ruled it was exempt from CEQA. Passed the Legislature.

Social Media and Youth Screen Time

- Assembly Bill 1709 (Lowenthal) — passed both chambers unanimously on August 31. The bill would prohibit social media platforms from offering "addictive" design feature, including algorithmic personalized feeds, infinite scroll, autoplay, and push notifications, to users under 16, and would establish an e-Safety Advisory Commission to research, advise on, and enforce internet safety law.

- Senate Bill 1128 (Stern) — would prohibit schools from requiring kindergarten and transitional kindergarten students to take home school-issued electronic devices, beginning with the 2027-28 school year. The bill is on the Governor's desk.