September 14, 2023

TO: Board Members, Madera County Transportation Commission
FROM: Gus Khouri, President
Khouri Consulting LLC

RE: STATE LEGISLATIVE UPDATE – SEPTEMBER

The first year of the 2023-24 concludes on September 14. Governor Newsom will have until October 14 to sign or veto legislation pending on his desk. Legislators will return on January 3 to commence the second year of session.

New Senate President pro Tempore

On August 28, it was announced that Senator Mike McGuire (D-North Coast) will become the 52nd California State Senate President pro Tempore. He will succeed Toni Atkins (D-San Diego), who is termed out in 2024 and will be running for Governor in 2026 when Governor Newsom is also termed out. Atkins will join a field expected to include Lieutenant Governor Eleni Kounalakis and Attorney General Rob Bonta.

McGuire, who will termed out in 2026, has been a strong advocate on transportation issues, including his work on SB 1, the $5 billion annual transportation package that provides a broad array of investments into passenger rail, highways, and local streets and roads.

FY 23-24 State Budget Update and Opportunities

On June 27, Governor Newsom signed SB 101 (Skinner), Chapter 12, Statutes of 2023, which serves as the main vehicle for the FY 2023-24 State Budget. The legislation includes $223.6 billion in General Fund spending ($306 billion with special funds) and addresses a deficit of $31.5 billion by utilizing the $37.2 billion Rainy Fund. The package, however, assumes the collection of $42 billion from a combination of capital gains, corporate, and personal income tax by October 15.

In the proposed FY 23-24 released in January, Governor Newsom stated that since the Rainy Day Fund is at capacity, $951 million must be spent on infrastructure. That number increased to $2.3 billion with the release of the May Revision. The balance still exists, but legislative leadership is cautious about expending those funds until they receive an accurate accounting of the October tax receipts. This could represent an opportunity to fulfill some of MCTC's funding needs when the legislature reconvenes in January.

California Transportation Commission Needs Assessment
SB 1121, Chapter 508, Statutes f 2022, requires the California Transportation Commission, in consultation with CalSTA and Caltrans, to prepare a needs assessment of the cost to operate, maintain, and provide for the necessary future growth of the state and local transportation system for the next ten years. This represents an opportunity for MCTC to identify priority projects for future funding consideration.

The SB 1121 Stakeholder Workgroup will be meeting every three weeks on the following dates for the rest of 2023 (with some modifications):

- September 21, 2023
- October 12, 2023
- November 2, 2023
- November 30, 2023
- December 14, 2023

Bills of Interest
MCTC identified 27 priority bills to track this year. The following is a summary of those that remain active that SMCTA has taken a position on:

AB 557 (Hart) – Extending Virtual Brown Act Meetings Through State of Emergencies
This bill would remove the sunset date of January 1, 2024, on the Brown Act exemptions for boards to meet virtually during a state of the emergency declaration provided under AB 361 (Rivas), Chapter 165, Statutes of 2021. **Status:** Governor's desk

ACA 1 (Aguiar-Curry) would authorize a local government, including a special district, to impose, extend, or increase a sales and use tax or transactions and use tax imposed, or a parcel tax, to fund the construction, rehabilitation, or replacement of public infrastructure, defined to include improvements to transit and streets and highways and projects for the protection of property from the impacts of sea level rise, as well as for affordable housing if the proposition proposing that tax is approved by 55% of its voters. **Status:** Governor's Desk

ACA 13 (Ward) requires an initiative constitutional amendment to comply with any increased voter approval threshold that it seeks to impose on future ballot measures. Guarantees in the state constitution the ability of local governments to submit advisory questions to voters. This measure is a response to the California Business Roundtable's initiative to make all tax thresholds to be set at a 2/3 vote margin. **Status:** Governor's Desk.

<u>Caltrans System Investment Strategy (CSIS)</u>
Per executive orders N-19-19 and N-76-20 issued by Governor Newsom in 2019 and 2020, the California State Transportation Agency (CalSTA) has been attempting to implement the Climate Action Plan for Transportation Infrastructure (CAPTI, 2021). CAPTI supports the California Transportation Plan (CTP) 2050 (2021) goals that work to meet the State's ambitious climate change mandates, targets, and policies. The CTP 2050 is the state's broad vision for the future of California's transportation system, focusing on advancing equity and climate priorities by expanding travel options for all Californians. Additionally, CAPTI aligns with Caltrans 2020-24 Strategic Plan (2021), which signals a fundamental shift for Caltrans to lead climate action as a strategic priority for the first time. Caltrans is in a significant leadership role to carry out meaningful measures that advance the state's goals and priorities by developing and implementing the Caltrans System Investment Strategy (CSIS).

The CSIS implementation is envisioned as an investment framework through a data- and performance-driven approach that guides transportation investments and decisions. This framework includes methodologies and processes for how Caltrans should invest billions of dollars in highly competitive fund programs to address transportation deficiencies while achieving the CAPTI goals of reducing single-occupant vehicles and vehicle miles traveled and encouraging mode shift to transit and active transportation. Caltrans seeks to leverage state and federal non-SHOPP funds to accelerate investments into mass transit, bicycle and pedestrian programs, and zero-emission infrastructure.

This effort may impact the delivery of transportation projects on the statewide system. Further clarification is needed on project eligibility and implications of delivering on MCTC's priorities through the Measure T expenditure plans.