



February 26, 2024

To: James Corless, Executive Director, Sacramento Area Council of Governments

From: Chris Lee, Partner, Politico Group
Kiana Valentine, Partner, Politico Group

Re: February State Advocacy Report & Legislative and Budget Update

Politico Group is pleased to provide the following report to the Sacramento Area Council of Governments (SACOG) on recent advocacy activities, as well as initial updates on legislative and budget activities in the second year of the 2023-2024 legislative session.

February Advocacy Activities

Green Means Go and REAP 2.0 Funding

Politico Group worked with SACOG staff to develop a budget letter on the impact of the reduction in funding for the REAP 2.0 program included in the Governor's January Budget proposal. Politico Group followed up to communicate the project-level impacts of the proposed reversion on each legislative district within the SACOG region.

Green Means Go and REAP 2.0 were also a key focus of a SACOG meet and greet with newly appointed Chair of the Assembly Transportation Committee, Lori Wilson. Chair Wilson represents only a small sliver of unincorporated Sacramento County, but her focus on the intersection of transportation and housing policy made for an informative and interactive discussion between the Chair and SACOG.

Yolo Interstate 80 Corridor Project – Toll Authority Briefings

Politico Group worked with SACOG staff and the Yolo Transportation District to brief members of the California Transportation Commission and request meetings with key staff in the Governor's Administration on the Yolo Interstate 80 Corridor Project, including the formation of a toll authority.

Bill Introductions

Politico Group has completed its initial review of legislation introduced by the February 16 deadline. Politico Group has identified 148 active bills (including two-year bills) for SACOG's tracking report; although this number includes dozens of non-substantive "spot" bills in key SACOG policy areas, particularly housing.

Legislative and Budget Updates

New Senate Leadership and Committee Assignments

Senate President pro Tempore McGuire announced his new Senate Democratic Leadership team as well as considerable changes to Senate committee chairs and membership on February 9. Changes of

particular interest to SACOG include Senator Angelique Ashby's new role as Assistant Majority Leader and Chair of the Business, Professions and Economic Development Committee, as well as significant changes to the leadership of committees with oversight of housing, transportation, budget, and local government.

Pro Tem McGuire's leadership team now is comprised of the following Senators:

- **Gonzalez** (D-Long Beach), Majority Leader
- **Ashby** (D-Sacramento), Assistant Majority Leader
- **Wahab** (D-Hayward), Assistant Majority Leader
- **Limón** (D-Santa Barbara), Democratic Caucus Chair
- **Cortese** (D-San Jose), Majority Whip
- **Durazo** (D-Los Angeles), Assistant Majority Whip
- **Padilla** (D-San Diego), Assistant Majority Whip

Key Senate committee changes in policy areas of interest to SACOG include:

- **Wiener** (D-San Francisco) to Chair of Budget & Fiscal Review, replacing Skinner (D-Berkeley)
- **Skinner** to Chair of Housing, replacing Wiener.
- **Cortese** (D-San Jose) to Chair of Transportation, replacing Gonzalez (D-Long Beach)
- **Caballero** (D-Merced) to Chair of Appropriations, replacing Portantino (D-Burbank), who is termed out and running for Congress. This change is effective March 11.
- **Smallwood-Cuevas** (D-Los Angeles) replaces Senator Caballero as a member of Budget & Fiscal Review Sub. 4, where housing-related measures, including REAP 2.0, will be heard.
- **Wahab** (D-Hayward) replaces Durazo (D-Los Angeles) as Chair of Budget & Fiscal Review Sub. 5, which has jurisdiction over transportation and public safety funding.
- **The Senate Governance and Finance Committee** (previously Chaired by Caballero) was split into Local Government, chaired by **Durazo** (D-Los Angeles), and Revenue & Taxation chaired by **Glazer** (D-Orinda).

SACOG State Senate Delegation – Updated Committee Assignments

Senator Alvarado-Gil

Human Services (Chair)

Agriculture

Business, Professions & Economic Development

Governmental Organization

Insurance

Joint Fairs, Allocation & Classification

Military & Veterans Affairs

Joint Rules

Joint Emergency Management

Judiciary

Legislative Ethics

Revenue & Taxation

Senator Ashby

Business, Professions & Economic Development
(Chair)

Appropriations

Energy, Utilities & Communications

Governmental Organization

Joint Fairs, Allocation & Classification

Senator Dahle

Energy, Utilities & Communications (Vice Chair)

Environmental Quality (Vice Chair)

Budget & Fiscal Review

Budget & Fiscal Review Sub. 2 on Resources,

Environmental Protection & Energy

Joint Fairs, Allocation & Classification

Joint Budget

Joint Emergency Management
Local Government
Natural Resources & Water
Revenue & Taxation
Transportation

Senator Dodd

Governmental Organization (Chair)
Business, Professions & Economic Development
Energy Utilities & Communications
Insurance
Joint Fairs, Allocation & Classification
Revenue & Taxation

Senator Niello

Banking & Financial Institutions (Vice Chair)
Budget & Fiscal Review (Vice Chair)
Insurance (Vice Chair)
Transportation (Vice Chair)
Budget & Fiscal Review Sub. 4 on State
Administration & General Government
Business, Professions & Economic Development
Joint Committee on Fairs, Allocation &
Classification
Joint Committee on Rules
Joint Legislative Budget Committee
Judiciary
Legislative Ethics

SACOG State Assembly Delegation – Committee Assignments (Announced in December)

Majority Leader Aguiar-Curry

Agriculture
Health
Transportation
Joint Emergency Management

Assemblymember Dahle

Education (Vice Chair)
Emergency Management (Vice Chair)
Appropriations
Budget
Budget Sub. 3 on Education Finance
Joint Fisheries & Aquaculture
Legislative Ethics
Water, Parks, and Wildlife – Member

Assemblymember Flora

Labor and Employment (Vice Chair)
Natural Resources (Vice Chair)
Budget
Budget Sub. 4 on Climate Crisis, et al
Business & Professions
Health
Joint Climate Change Policies
Joint Emergency Management
Rules

Minority Leader Gallagher

No committee appointments

Assemblymember Hoover

Environmental Safety and Toxic Materials (Vice
Chair)
Jobs, Economic Development, & the Economy
Joint Legislative Audit
Natural Resources
Privacy and Consumer Protection
Communications and Conveyance
Education

Assemblymember McCarty

Public Safety (Chair)
Health
Budget
Budget Sub. 3 on Education Finance
Budget Sub. 6 on Public Safety
Education

Assemblymember Nguyen

Business and Professions
Communications and Conveyance
Jobs, Economic Development, and the Economy
Public Employment and Retirement
Public Safety

Assemblymember Patterson

Housing and Community Development (Vice
Chair)
Aging and Long-Term Care

Budget
Budget Sub. 5 on State Administration
Health
Insurance
Joint Emergency Management
Privacy and Consumer Protection
Utilities and Energy

Assemblymember Wilson
Transportation (Chair)
Budget
Budget Sub. 4 on Climate Crisis, et al
Housing and Community Development
Local Government
Privacy and Consumer Protection
Public Safety

State Revenues Continue to Lag as Budget Hearings Begin

A series of recently released reports underscore the state's weak revenue collections and resulting significant budget challenges. The Legislative Analyst's Office (LAO) [reported on February 20](#) that weak revenue performance has ballooned the state's projected budget deficit to \$73 billion—a \$15 billion increase compared to the revenue projections underlying the Governor's January budget.

The LAO has recommended that the Legislature adopt the Governor's proposed mix of fund shifts and reductions in the transportation space and has identified \$15.6 billion in additional one-time and temporary spending across fiscal years 2023-24 through 2025-26 that the Legislature could reduce to address the deficit, including \$1.9 billion in housing-related spending and \$1.9 billion in transportation-related spending, largely for public transportation infrastructure.

The Department of Finance (DOF) released its February [Monthly Finance Bulletin](#), reporting preliminary General Fund cash receipts for the month \$5 billion below the Governor's budget forecast. According to DOF, the primary driver of the shortfall was anemic personal income tax estimated payments, indicating weakness in receipts relating to tax year 2023. Additionally, year-to-date corporate tax cash receipts were \$980 million below forecast due to higher corporate refunds and lower estimated payments.

Personal income tax revenues were \$5 billion short in January. Corporate tax revenues were \$3 million below forecast in January. Sales and use tax revenues were \$53 million below forecast in January. Sales and use tax receipts reflect part of the final payment for calendar year fourth quarter taxable sales, which was due on January 31.

The Legislature began budget subcommittee hearings in earnest this week to dig in to the Governor's budget proposals. Given this dismal budget news – and the potential for further decline – it is important to recognize that the budgetary revisions the Governor proposes in May will be significant.

Contact

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