



April 29, 2025

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

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

**Re: April State Advocacy Report – Legislative, Budget & Administrative Updates**

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Politico Group is pleased to provide the following report to the Sacramento Area Council of Governments on recent legislative, budget, and administrative activity.

## April Advocacy Update

The Legislature returned from its one-week spring recess on April 21 and immediately moved into two weeks of marathon policy committee hearings. A significant number of bills were only amended to include substantive language at the end of March or first two weeks of April, but policy Committees must pass all bills with a fiscal impact by May 2 for them to be considered in the Appropriations Committee. Politico Group continues to work with SACOG staff to monitor transportation-related legislation with potential impacts on SACOG’s regional planning and projects.

## Legislative Updates

### Transportation and Regional Planning Legislation Amended

Policy committees recently made significant amendments to the bills discussed below, which have implications for transportation projects and regional planning in the SACOG region:

- **AB 902 (Schultz): Transportation planning and programming: barriers to wildlife movement.** This bill was amended in the Assembly Transportation Committee on April 23 to require lead agencies initiating transportation projects in wildlife connectivity areas after January 1, 2026, to incorporate appropriate wildlife passage features to feasibly avoid, mitigate, or minimize further impairments to wildlife connectivity. The previous version of the bill would have also required Regional Transportation Plans/Sustainable Communities Strategies to identify and analyze wildlife connectivity areas and consider the impacts of development and the barriers caused by transportation infrastructure and development to wildlife and habitat connectivity.

AB 902 was passed by the Assembly Transportation Committee and re-referred to the Assembly Appropriations Committee.

- **AB 1223 (Nguyen): Local Transportation Authority and Improvement Act: Sacramento Transportation Authority.** This bill would authorize the Sacramento Transportation Authority (STA) to levy a sales tax in parts of Sacramento County, including at least the incorporated area from two cities or the incorporated area from one city and the unincorporated area from the county. Amendments by the Assembly Local Government Committee removed language that

would have authorized STA to petition the California Transportation Commission to become a tolling authority and develop toll facilities within Sacramento County without the consent of the Regional Transportation Planning Agency. This language was replaced with an authorization for STA to issue bonds payable from revenue from a toll facility operated by the Capitol Area Regional Toll Authority (CARTA), or other funds lawfully available to STA, including sales tax revenue, if the authority first enters into an agreement with CARTA, among other conditions.

Amendments made in the Assembly Transportation Committee on April 28 will limit the amount of revenue from a future tax measure that can support non-transportation infrastructure necessary to support infill housing and reduce greenhouse gas emissions to 5% of revenue and requires that these infrastructure improvements be combined with an eligible transportation project.

AB 1223 was approved by the Assembly Transportation Committee on April 28 and re-referred to the Assembly Appropriations Committee.

- **AB 1244 (Wicks): California Environmental Quality Act: transportation impact mitigation.** As introduced, this bill would have allowed a project applicant to satisfy vehicle miles travelled (VMT) mitigation requirements under CEQA by electing to contribute an unspecified amount of money for each VMT to the Department of Housing and Community Development's (HCD's) Transit-Oriented Development Implementation Program, which funds affordable housing development near qualifying transit stations.

Amendments made in the Assembly Natural Resources Committee on April 23 require HCD to confirm and report VMT reductions attributed to the projects the Department funds pursuant to the bill, as well as report the VMT reductions claimed by donor projects. The amendments also require the Governor's Office of Land Use and Climate Innovation to determine appropriate mitigation funding amounts and update them as least every three years.

AB 1244 is set for hearing in the Assembly Housing & Community Development Committee on April 30.

- **AB 1275 (Elhawary): Regional housing needs: regional transportation plan.** This bill would move up the date for the Department of Housing and Community Development (HCD) to provide the Council of Governments (COG) with its regional housing needs determination by one year, providing additional time to develop regional housing needs allocation (RHNA) methodology. While the prior version of the bill would have given HCD additional authority to determine that a COG's methodology for allocation the regional housing needs does not further the statutory requirements of the Regional Housing Needs Assessment law, amendments taken in the Assembly Housing and Community Development Committee instead require the RHNA methodology to consider the development pattern set forth in the region's sustainable communities strategy.

AB 1275 will be heard in the Assembly Local Government Committee on April 30.

- **SB 486 (Cabaldon): Regional housing: public postsecondary education changes in enrollment.** This bill requires the RTP/SCS to consider changes in enrollment levels at institutions of public higher education when identifying areas of the region that can accommodate needed housing growth. The bill also requires the same measures to be reflected in the regional housing needs determination and for private and public higher education institutions to provide related data to COGs. Amendments in the Senate Environmental Quality Committee removed prior language that excluded enrollment by non-resident students from the required analysis.

SB 486 will be heard in the Senate Environmental Quality Committee on April 30.

## State Budget Updates

### Governor's FY 2024-25 Budget Revision Expected May 14

The budget process is picking up steam, with the Legislature's Budget Subcommittee's wrapping up their initial review of the Governor's January Budget. The next step in the process will be the Governor's May Revision, due by May 14, which is designed to reflect updated revenue estimates for the coming fiscal year and often includes additional proposed budget actions or policy changes. This year's May Revision could include significant departures from the January budget, which was released prior to the Los Angeles fires, President Trump's trade war, and the resulting stock market volatility, which has an outsize impact on California's personal income tax revenues.

While the recent Department of Finance [Bulletin](#) from late March showed that General Fund revenues were \$2.3 billion above the Governor's Budget forecast in February, and \$4.6 billion above the fiscal year-to-date forecast, significant uncertainty surrounding pending federal fiscal policy has prompted Legislative leadership to acknowledge that California may need to reopen its budget in late summer or fall after the impacts of federal budget reconciliation are known.

### Early Action Budget Bill Signed

On April 14, Governor Newsom signed AB 100, which makes changes to the current and prior year state budget bills in advance of the 2025-26 state budget bill, which must be passed by June 15. The bill adjusts the \$2.5 billion authorized earlier this year for Los Angeles-area fire recovery, allocates some wildfire-related funding from the Proposition 4 Climate Bond, and addresses cost overruns in the state's Medicaid low-income healthcare program (Medi-Cal) through June.

- Los Angeles Fires: The federal government has been covering the cost of debris removal and some other immediate response costs. Accordingly, state agencies have only spent \$286 million of prior authorized funding. AB 100 broadens eligible costs for the \$2.5 billion to include an estimated \$100-200 million in temporary property tax backfill for local agencies in Los Angeles County. The bill also allows the state to advance cash from CalOES to local agencies for disaster response and recovery costs, which are eligible for future FEMA reimbursement.
- Proposition 4: AB 100 appropriates \$171 million in bond funding for wildfire resilience activities by State Conservancies across the entire state, exhausting available resources for this purpose. These funds were already earmarked for the Conservancies and do not represent a shift in funding from one part of the state to another, despite earlier indications that the bond could be tapped for Southern California fire recovery.

- Medi-Cal: AB 100 increases the state General Fund appropriations by \$2.8 billion (and \$8.25 billion in federal match) to cover the program's projected deficits through the end of the current fiscal year.

## Administration Updates

### **Governor and Legislative Leaders Seek Cap and Trade Extension**

On April 16, the Governor, Senate President pro Tempore McGuire and Assembly Speaker Rivas announced in a press release that they would seek an extension of California's cap-and-trade program during the 2025 legislative year. As discussed in prior reports, The Governor's January budget indicated the need to extend the program well before 2030 to provide the market with greater certainty but did not include a specific proposal.

The cap-and-trade program sets a statewide limit for sources responsible for 85% of California's greenhouse gas emissions. To date, carbon credits sold under the program have generated \$28 billion in with 65% of those auction proceeds continuously appropriated to the following programs:

- California High-Speed Rail (25%)
- Affordable Housing and Sustainable Communities (20%)
- Transit and Intercity Rail Capitol Program (10%)
- Low Carbon Transit Operations Program (5%)
- Safe and Affordable Drinking Water (5%)

The press release noted that the *Governor's* proposal would be available in the "coming weeks," which may mean it will be included in his May Revision, discussed above.

### **Contact**

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