

July 3, 2024

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From: Sharon Gonsalves
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RE: RPPG Monthly Legislative Summary – June 2024

LEGISLATIVE UPDATE

Key Deadlines for the Legislature

June closed out a busy several weeks for the Legislature, including the June 15 deadline to pass a Budget Act and the bulk of committee hearings leading to the July 3 deadline by which all policy committees must meet and confer on bills in their second house. Bills that are still moving are in their second house, which means that Assembly bills are being heard in the Senate and Senate bills are being heard in the Assembly.

On July 3, the Legislature will adjourn for Summer Recess and when it reconvenes on August 5, with a few exceptions, only appropriation committees may meet to determine the fate of fiscal measures. The last two weeks of session leading up to the final day of the 2023-2024 legislative session on August 31 are reserved for Floor deliberations only. June 27 also marked the last day for measures to be added to, or withdrawn from, the November 2024 ballot. However, as we detail further below, nothing is going according to schedules when it comes to this year's ballot and July 3 is the new deadline for legislative measures.

To date for this year's legislative session, more than 1,300 bills continue to make their march through the legislative process, while zero have been vetoed, 223 have been chaptered, and approximately 740 have been held.

The 12-Day Signing Rule

While the Legislature is on Summer Recess from July 4 to August 4, measures on the Governor's desk will continue to be acted upon as the Governor only has 12 days to sign or veto a bill "presented" to him during this time before it automatically becomes law (often referred to as a "pocket signature", but not often utilized). The 12-day clock begins on the date that the bill is "enrolled and presented to the Governor" and not on the date that the bill passes the Senate or Assembly. In other words, once a bill passes both houses, it is sent to enrolling and engrossing for an undetermined period of time. The bill then becomes formally enrolled once it reaches the Governor's desk. If the twelfth day falls on a weekend or holiday, the next business day is the date by which the bill must be acted upon.

This 12-day signing period is applicable to all bills received by the Governor's desk twelve or more days prior to the date that the Legislature adjourns for the first year of session. However, beginning 12 days before August 31, the Governor has 30 days to act upon a bill that has been presented to him and if not acted upon by the 30th day, it becomes law.

BALLOT MEASURES UPDATE

On June 25, CalMatters [reported](#) that Senate President Pro Tem Mike McGuire (Geyserville) had said in a statement that the Legislature was extending its June 27 deadline to add bonds to the ballot to July 3, and that the Secretary of State's Office had confirmed lawmakers could waive a portion of the California Elections Code to add measures after the statutory June 27 date.

California Business Roundtable Measure

On June 20, RPPG notified City staff via email that the California Supreme Court had removed the California Business Roundtable (CBRT) tax measure from the November 2024 ballot. More information on the removal can be found [here](#) and [here](#). The measure would have required a two-thirds vote by the Legislature for new state taxes and a two-thirds vote by the voters for new local taxes. The California Supreme Court's action represents a significant win for state and local governments.

Of note, the Legislature passed [AB 440](#) by Assemblymember Gail Pellerin (Santa Cruz) which, among other acts, moves [ACA 13](#) (Ward, Chapter 176, Statutes of 2023) to the November 2026 ballot. ACA 13 put a measure on the November 2024 ballot that, if approved by the voters, would require initiatives approved after January 1, 2024 that would impose a higher vote threshold on a state or local measure to only take effect if the affirmative votes meet or exceed the highest vote approval threshold required by the measure. ACA 13 would also provide a right for local agencies to place advisory vote measures on local ballots. The bill had been originally aimed at forcing the CBRT measure to receive a super-majority of yes votes to be approved by the voters, instead of it otherwise needing a simple majority.

Local Government Financing Measure

In 2023, the Legislature passed [ACA 1](#) (Aguiar-Curry, Chapter 173, Statutes of 2023). The bill put a measure on the November 2024 ballot that will reduce the existing local vote threshold requirement from two-thirds to fifty-five percent for local public infrastructure and affordable housing financing proposals using: general obligation bonds, sales and use/transaction and use taxes, or parcel taxes. If the measure is approved by voters, the reduced vote threshold would apply to local measures.

After the modest passing of Proposition 1 in March, Assemblymember Cecilia Aguiar-Curry (Winters) introduced [AB 2813](#) and [ACA 10](#), two measures related to ACA 1, in an effort to increase the likelihood of ACA 1 passing in November. AB 2813 is the statutory companion to ACA 1 and includes various provisions designed to guide its implementation. ACA 10 directs the Secretary of State to make amendments to ACA 1 including deleting all sections of the initiative authorizing the imposition of a sales and use tax and a parcel tax with a 55 percent vote. ACA 10 replaces (rather than amend) two of the sections within ACA 1 pertaining to imposing property tax increases to fund public infrastructure and affordable housing with general obligation bonded indebtedness. ACA 10 also revises both the definitions of "affordable housing" and "public infrastructure," contained in ACA 1, which creates differences between the measures. On June 27, ACA 10 passed the Legislature, while AB 2813 is currently pending on the Senate Floor.

The Homelessness, Drug Addiction, and Theft Reduction Act

On June 11, the Homelessness, Drug Addiction, and Theft Reduction Act, qualified for the November 2024 ballot. The initiative would, if approved by voters, repeal parts of Proposition 47 and increase sentences for drug and theft crimes. It is supported by the California District Attorneys Association, the California Police Chiefs Association, the California Retailers Association, and San Francisco Mayor London Breed, among others.

The Legislature had wanted to supersede the proposed Theft Reduction Act with the introduction early this year of their own package of public safety and mental health care bills with similar, but not identical, provisions. However, not having reached any agreement with the Theft Reduction Act proponents, legislative leadership announced on June 11 their plan to amend several bills in the package to become inoperable should the initiative pass the ballot. The inoperability clause was added to those bills in late June. However, the inoperability clause, which had been pushed by Assembly Speaker Robert Rivas (Hollister) and Senator McGuire, caused division in the ranks and was removed from the bills on July 1.

On June 30, three days after the official June 27 initiative deadline, [SB 1381](#) was introduced. The bill had been an agreement that Governor Newsom and legislators had come to over the weekend in an attempt to add a last-minute alternative ballot measure to the November 2024 ballot to compete with the Homelessness, Drug Addiction, and Theft Reduction Act and would have been less stringent than the Theft Reduction Act. Authored by Democratic legislators Senators Aisha Wahab (Silicon Valley) and Angelique Ashby (Sacramento) and Assemblymember Rick Zbur (Los Angeles), this bill would have amended the Safe Neighborhoods and Schools Act (Proposition 47). The bill would have placed the alternative ballot measure before voters at the November 2024 election as Proposition 2, while the Theft Reduction Act would have been lower on the ballot. The bill included a provision that would have invalidated competing measure(s) on the same ballot should it have received a higher number of affirmative votes. On July 1, the Governor and lawmakers announced more details of the alternative initiative in a [press release](#). The bill passed the Assembly Public Safety Committee on July 2 along party lines, and it was scheduled to be voted on by the Legislature on July 3 to be sent to the Governor for signature. However, late in the evening on July 2, CalMatters [reported](#) that the Governor was withdrawing the measure from legislative consideration and that lawmakers would not be putting any competing measures to the Theft Reduction Act on the November 2024 ballot. However, Governor Newsom said in his statement that he plans to sign a “a robust public safety package that expands criminal penalties, bolsters police & prosecutor tools, and cracks down on retail theft—the most significant reform in decades.”

Climate Bond

After more than five years of debate and discussion, working groups, heavy advocacy, unprecedented surplus followed by a declared Budget emergency, and a FY 24-25 nearly \$50 billion deficit, the Legislature has finally come to agreement on a climate bond. Landing on [SB 867](#) by Senator Ben Allen (Santa Monica) as its bond vehicle, over the weekend Senator McGuire announced in a [press release](#) the agreement of a \$10 billion bond measure to ask voters to fund safe drinking water and drought, flooding, wildfires and forest resilience, sea level rise, extreme heat, park creation and outdoor access, and more. Legislators were at odds over the fine print in two proposals: AB 1567 by Assemblymember Eduardo Garcia (Coachella) and SB 867. The \$10 billion compromise announced Sunday falls short of both previous proposals, as the two bills had included about \$15.9 billion and \$15.5 billion, respectively.

The proposed bond would dedicate 40 percent of the \$10 billion at minimum toward disadvantaged communities, with funds divided among eight chapters:

- \$3.8 billion for safe drinking water, drought, flood and water resilience
- \$1.5 billion for wildfire and forest resilience
- \$1.2 billion for sea level rise and coastal resilience
- \$1.2 billion for protecting biodiversity and supporting nature-based climate solutions
- \$850 million for clean air programs
- \$700 million for park creation and outdoor access
- \$450 million for extreme heat mitigation

- \$300 million for sustainable farms, ranches and working lands

The measure still needs to pass through both houses of the Legislature's new deadline of July 3 and is not fully guaranteed as some members continue to have concerns about competing priorities and fiscal impacts. However, AB 440 also requires the submission of the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024 to be placed on the November 2024 ballot. An informational hearing on the bond was held on July 2 in the Assembly Natural Resources Committee, chaired by Isaac Bryan (Los Angeles). SB 867 will pass the Legislature and be signed by the Governor by July 3.

School Facilities Bond

Senator McGuire's weekend press release also announced that lawmakers have finally come to an agreement on a bond to pay for school facility repairs. Also containing \$10 billion in funding, this bond would set aside \$8.5 billion for new construction and modernization of K-12 schools and \$1.5 billion for community colleges. Like the climate bond, a school bond was included in the Governor's Budget plan for FY 24-25. The agreement follows years of consideration and months of negotiation among lawmakers over a competing school facilities bill, which would have also included public universities. [AB 247](#) by Assemblymember Al Muratsuchi (Torrance) will be the vehicle for the Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair, and Safety Bond Act of 2024. The measure borrows less money than previously expected and excludes public universities who can raise funds other ways. AB 440 requires that this bond be placed on the November 2024 ballot.

BUDGET UPDATE

Governor Gavin Newsom signed the 2024 Budget Act, [AB 107](#), on June 26 as passed by the Legislature on June 13. However, as RPPG had previously detailed, and as expected, this bill did not reflect an agreement between the Legislature and Administration. It was [announced](#) on June 22 that the Governor the Legislature had reached an [agreement](#) on the Budget. The Governor signed the primary bills of the agreement, Budget Bills Junior [SB 108](#) and [SB 109](#), on June 29. The 17 Budget Trailer Bills that represent additional provisions of this agreement have also been passed by the Legislature and sent to the Governor for signature.

Please note that it is not uncommon for other Budget Trailer Bills to be introduced as needed, and it is possible that there may yet be further Budget action before the 2023-2024 legislative session comes to an end. The current expectation according to unofficial remarks from the Department of Finance is that an August Budget Bill Junior is not expected, but July is a long time for that to change as leadership works with impacted stakeholders over the break. Sometimes the reason for this is as simple as needing to revise printed provisional language in the trailer bills to ensure proper statutory authority for funds to be allocated, while other times revisions are politically motivated.

The final Budget agreement represents a \$297.9 billion state Budget. The deal included an agreement to increase the size of the Rainy Day Fund from 10% of the state Budget to 20%, exclude deposits into the Rainy Day Fund from the Gann Limit, create a "Projected Surplus Temporary Holding Account," where a portion of any projected surplus will be deposited and held under a future year once it is clear whether the projected surplus actually materializes.

In homelessness and behavioral health, notable changes include:

- \$1 billion for the sixth round of the Homeless Housing, Assistance, and Prevention (HHAP) Grant Program. The supplemental \$260 million from the current fifth round of funding will be cut.
- \$250 million (\$150 million in 2024-25 and \$100 million in 2025-26) for the Encampment Resolution Grant Program.

- Eliminates \$450.7 million in one-time funds from the last round of the Behavioral Health Continuum Infrastructure Program. Additional rounds will be supported by Proposition 1 bond funding.
- Mostly preserves funding across multiple programs that expand behavioral health treatment and infrastructure capacity for services to children and youth (\$7.1 billion total).

In housing, notable changes include:

- Restores \$315 million in one-time funding for the multi-family housing program
- Restores \$260 million in one-time funding to the REAP 2.0 Program, reducing the cut to \$40 million out of the original \$600 million allocation.
- \$500 million for the low-income housing tax credit, which supports affordable housing projects.

The Assembly Floor Report of this agreement can be found [here](#) and analysis of the 19-bill package [here](#). The Senate Floor Report can be found [here](#) and analyses [here](#).

ADMINISTRATION ACTIONS

On June 12, Governor Newsom issued a [press release](#) stating that he supports the [new draft regulation](#) that had been issued by Insurance Commissioner Ricardo Lara that same day. The regulations will “require that insurers that use new catastrophe modeling must write more policies in distressed areas, with larger insurance companies required to insure properties in distressed areas at a rate equal to 85% of the insurer’s statewide market share. This is part of the Commissioner’s [Sustainable Insurance Strategy](#), a package of reforms to strengthen California’s marketplace and maintain strong consumer protections.” The public comment period for the regulation closed on June 27. The Department of Insurance will review public input before issuing the full regulation for adoption before the end of the year. In May, the Governor had released “a [proposal](#) to increase the transparency and speed of rate change application approval timelines, while remaining consistent with Proposition 103’s consumer protections from excessive, inadequate, and unfairly discriminatory insurance rates.”

On June 25, Governor Newsom delivered his State of the State address in a pre-recorded video. The full text and video of the address can be found [here](#).

BIG NEWS

On June 28, the United States Supreme Court granted cities more power to arrest, cite, and fine people who sleep outside in public places—overturning six years of legal protections for homeless residents in California and other western states. Governor Newsom had filed a “friend of the court” brief calling the existing standard “as inhumane as it is unworkable.” The Governor issued a [press release](#) after the ruling, stating that: *“This decision removes the legal ambiguities that have tied the hands of local officials for years and limited their ability to deliver on common-sense measures to protect the safety and well-being of our communities.”* The Republicans agreed on this one, with Senate Minority Leader Brian Jones (San Diego) stating in a separate [press release](#) that: *“Californians should not have to tolerate the encampments that have taken over our communities.”*

RPPG LEGISLATIVE ACTIVITY

RPPG continues to review priority bills—keeping City staff apprised of developments on legislation during our standing meetings and throughout the month as needed. RPPG continues to work hand in hand with City staff to gather client-specific information while actively engaging with lawmakers and agency officials on legislation of interest to the City.

SB 1461

On June 6, Sharon Gonsalves and City Manager Ara Mhrianian had a meeting with Senator Allen to discuss his bill, [SB 1461](#).

On June 20, Dane Hutchings and City Manager Ara Mhrianian had a meeting with Senator Allen and the Assembly Emergency Management Committee on [SB 1461](#).

Budget Update

On June 17, RPPG sent the City an update on the main Budget bill, [AB 107](#) (Gabriel), which had been passed by the Legislature on June 13.

ACA 10

On June 19, RPPG sent the City an analysis of [ACA 10](#) (Aguar-Curry).

Update on Positioned Legislation

RPPG is closely monitoring and providing updates on the following bills on which the City has positioned.

- [AB 1772 \(Ramos\) Theft](#)
 - Status: Held in Assembly Appropriations
 - City Position: Support
- [AB 1779 \(Irwin\) Theft: jurisdiction](#)
 - Status: Senate Floor
 - City Position: Support
- [AB 1794 \(McCarty\) Crimes: larceny](#)
 - Status: Senate Appropriations
 - City Position: Support
- [AB 1802 \(Jones-Sawyer\) Crimes: organized theft](#)
 - Status: Senate Floor
 - City Position: Support
- [AB 1886 \(Alvarez\) Housing Element Law: substantial compliance: Housing Accountability Act](#)
 - Status: Senate Appropriations
 - City Position: Oppose
- [AB 1893 \(Wicks\) Housing Accountability Act: housing disapprovals: required local findings](#)
 - Status: Senate Local Government
 - City Position: Oppose
- [AB 1960 \(Soria\) Sentencing enhancements: property loss](#)
 - Status: Senate Floor
 - City Position: Support
- [AB 1972 \(Alanis\) Regional property crimes task force](#)
 - Status: Senate Floor
 - City Position: Support
- [AB 1990 \(Carrillo, Wendy\) Criminal procedure: arrests: shoplifting](#)
 - Status: Senate Public Safety
 - City Position: Support
- [AB 2560 \(Alvarez\) Density Bonus Law: California Coastal Act of 1976](#)
 - Status: Senate Appropriations
 - City Position: Oppose
- [AB 2583 \(Berman\) School zones and walk zones](#)

- Status: Senate Local Government
 - City Position: Support
- [AB 2715 \(Boerner\) Ralph M Brown Act: closed sessions](#)
 - Status: Senate Floor
 - City Position: Support
- [AB 2797 \(McKinnor\) Telephone corporations: carriers of last resort: tariffs](#)
 - Status: Held in Senate Energy, Utilities, and Communication
 - City Position: Oppose
- [AB 2814 \(Low\) Crimes: unlawful entry: intent to commit package theft](#)
 - Status: Held in Assembly Appropriations
 - City Position: Support
- [AB 2943 \(Zbur\) Crimes: shoplifting](#)
 - Status: Senate Floor
 - City Position: Support
- [AB 3209 \(Berman\) Crimes: theft: retail theft restraining orders](#)
 - Status: Senate Floor
 - City Position: Support
- [ACA 10 \(Haney\) Fundamental human right to housing](#)
 - Status: Chaptered
 - City Position: Oppose
- [SB 982 \(Wahab\) Crimes: organized theft](#)
 - Status: Assembly Floor
 - City Position: Support
- [SB 1037 \(Wiener\) Planning and zoning: housing element: enforcement](#)
 - Status: Assembly Appropriations
 - City Position: Oppose
- [SB 1242 \(Min\) Crimes: fires](#)
 - Status: Assembly Floor
 - City Position: Support
- [SB 1461 \(Allen\) State of emergency and local emergency: landslide](#)
 - Status: Assembly Appropriations
 - City Position: Support

Priority Bills

RPPG has tagged 77 bills for the City as “priority,” which may be of potential interest, or may impact operations or priority issues, per the legislative platform. We will continue to bring bills of potential interest to staff for the City’s review in the coming weeks.

LOOKING FORWARD

- **JULY 4—AUGUST 4:** Summer Recess
- **AUGUST 31:** Last day for the Legislature to pass bills; end of the 2023-2024 legislative session
- **SEPTEMBER 30:** Last day for the Governor to sign or veto bills
- **DECEMBER 2:** Organizational session
- **JANUARY 1, 2025:** Statues passed in 2024 go into effect, unless otherwise stated
- **JANUARY 6, 2025:** 2025-2026 legislative session begins