



## **City of Riverside** **Legislative Overview: 2023 Legislative Session**

*October 24, 2023*

---

This report provides a detailed overview of the first half of the 2023/24 State Legislative Session in Sacramento. It includes a summary of the State Budget for FY 2023/24 pertaining to local government revenue as well as specific allocations to the Riverside region. It also includes legislation on which the City took positions, as well as those that may affect or change the way the City provides certain local services.

The report is categorized by key issue areas, with a synopsis of major actions taken by the Legislature with relevance to the City's guiding principles and practices. To the greatest extent possible, this report strives to provide the City with a review of the actions taken by the Legislature and Governor as well as a conjecture of what policy and budget issues may surface in 2024.

### **TABLE OF CONTENTS**

1. 2023 Legislative Session Overview
2. General Budget Highlights
3. Riverside Budget Allocations
4. Bonds and Initiatives
5. Legislative Review
6. Behavioral Health
7. Climate and Energy
8. Housing and Homelessness
9. Transportation
10. Cannabis
11. Public Safety
12. Drought/Water/Wildfire

13. Education and Higher Education

14. Looking Ahead to 2024

## 2023 LEGISLATIVE SESSION OVERVIEW

Every Legislative Session is punctuated by unique circumstances, challenges, and events that define the year. Budget deficits, leadership changes, a large class of new Legislators, and a near record number of bills (and bonds) introduced are the unique factors of the 2023 Legislative Session. Despite this, many of the issues remain familiar, including an ongoing focus on housing and homelessness, public safety, mental health, education, and climate and energy issues.

Looking strictly at the numbers, there were almost 3,000 measures introduced in total this year between the Assembly and the Senate. This marks the highest total in over a decade, and a near record amount of bills in one year. For the City, that meant tracking a total of 762 bills across all issue areas. Of those tracked, 372 were held over until next year and await further action, 278 were chaptered into law, and 44 were vetoed by the Governor.

One reason for the large number of bills were the 33 new Legislators, each who came into office with aggressive legislative platforms and ambitious ideas. This large Freshman class is due to turnover created by new term limits, as well as the high number of resignations we saw through the end of the pandemic.

This year we also saw the longest-standing Assembly Speaker in California history finally step down from his position. Former-Speaker Anthony Rendon was replaced after a 6-month fight with new Speaker, Robert Rivas. Speaker Rivas represents a significant shift in Assembly leadership, both in style and in background. Speaker Rivas comes from the Salinas Valley, a more moderate rural district than the LA area represented by Assemblymember Rendon.

Similarly, we found out in the final weeks of session that Senator Mike McGuire had collected enough votes to succeed current Pro Tem of the Senate, Toni Atkins. While Senator Atkins will remain in her leadership position into the start of the 2024 session, we expect to see a smooth transition early in the year.

All of the policy debates this year were underscored by the State's first budget deficit in almost a decade, which ended at \$31.5 billion. Despite this, the State Budget still totaled \$310 billion. Major funding priorities centered on housing and homelessness, healthcare, education, workforce development, and energy/climate.

Among the policy debates, we saw ongoing pushes to address housing needs, public safety concerns, access to higher education, workforce development, the fentanyl epidemic, and mental health needs. This includes the introduction of 10 bond bills, two of which dealing with mental health passed and are set to be voted upon on the 2024 March ballot.

The major budget and policy actions taken during the 2023 Legislative Session impacting the City are highlighted below in further detail.

## GENERAL BUDGET HIGHLIGHTS

After two years of unprecedented State General Fund revenue growth, California faces a downturn in revenues driven by a declining stock market and persistently high inflation in 2022, rising interest rates, and job losses in high-wage sectors—all of which have led to slower revenue growth than previously projected. As a result, the State budget deficit for fiscal year 2022/23 was \$31.5 billion.

With a total budget of \$310 billion, general fund spending was \$225.9 billion, down from \$234.6 billion last fiscal year.

Despite largely agreeing on the framework of the State budget by July 1, 2023, the State's constitutional deadline, negotiations continued over the Governor's sweeping infrastructure reforms that the Legislature resisted. Eventually, a deal was crafted that avoided major cuts to critical services, while utilizing alternative strategies such as delays, claw-backs of funding for programs and projects yet to be implemented and the consideration of bonds to be placed on next year's ballots.

The State's budget avoids new significant ongoing commitments and maintains fiscal discipline by setting aside a record \$37.8 billion in total budgetary reserves. Together, these factors put California on strong fiscal footing to better withstand future economic downturns or revenue declines. The Budget preserves investments in the programs essential to the State. It protects investments in ongoing programs in education, health care, climate, public safety and social services. Additionally, it is paired with the streamlining proposals that accelerate construction of water, transportation, and clean energy projects to advance the state's economic, climate, and social goals.

Housing, homelessness, health care, transportation, public safety, education and climate change continued to be a focus of this year's budget. Below is a summary of those funding allocations based on priorities. For details on the full 2023-24 budget, please visit [California Budget](#).

### ***1. Homelessness Budget***

California is no stranger to committing large investments to homelessness abatement. However, it is the effectiveness of the investments that is the most glaring issue at hand.

From 2018-2022, California has spent over \$17 billion combatting the state's homelessness crisis, funneling funds through a variety of programs aimed at directly building more housing, converting hotels and motels to long-term housing options, incentivizing developers to incorporate affordable living units in new developments and bolstering mental health and other healthcare resources for the unhoused population.

However, despite the vast economic resources devoted to the issue, California's homeless population has only risen over that timeframe, with the number now towering over 170,000 individuals.

The Governor's office has repeatedly stated that the largest barrier to solving homelessness in California remains the fact that there simply is not enough housing to accommodate this growing population. As such, the state has continued to prioritize housing and homelessness funding in the budget, allocating \$20.6 billion through 2024 to continue a number of programs previously established in past budget deals.

Specifically, the below details a few of the larger allocations that might benefit local jurisdictions:

- \$1B into round five of the state's Homeless Housing, Assistance and Prevention program.
- \$400M one-time General Fund for local encampment resolution grants.
- \$265M one-time for the Mental Health Services Fund in 2023-24.
- \$235 million General Fund in 2024-25 for bridge housing for people experiencing homelessness with serious mental illness.

## **2. Housing Budget**

Recurrently linked to the homelessness crisis, housing production in California has lagged well behind population increases in recent years. The Governor's office and legislative leaders have made new housing construction (especially projects with emphases on low-income developments) a major priority, linking funding for local governments to new housing construction, and earmarking billions of dollars for utilization.

2023 is no different, and the enacted budget largely maintains prior allocated funding for affordable housing development. It provides an additional \$500 million for the state's Low Income Housing Tax Credit program and supplemented \$100 million for the Multifamily Housing program for a total of \$325 million. The budget sustained \$500 million one-time General Fund for the Dream for All program. It also reduced the CalHome program to \$300 million one-time General Fund in 2023-24. Both of these programs promote first-time homeownership for low- or moderate-income Californians.

Additional allocations are found here:

- \$250M for adaptive reuse of underutilized commercial spaces.
- \$225M for infrastructure for infill housing.
- \$82.5M (for a total of \$330M over four years) to help preserve affordable housing and promote residential property ownership.

## **3. Managed Care Organization (MCO) Tax Budget**

One of the most significant deals struck this budget cycle was the monumental renewal of the state's Managed Care Organization (MCO) Tax, which secured the largest Medi-Cal rate increase in California history and will generate roughly \$20 billion for the state from 2023-2026.

The MCO Tax was originally created in 2009 as a temporary tax, and the Legislature has renewed it several times over recent years. This version took effect on April 1, 2023, and will run

through 2026. Once the tax is collected, California will be able to receive the applicable federal matching dollars.

More than 15 million Californians currently utilize the Medi-Cal program, but many of them have a difficult time using their benefits because of providers' hesitancy to accept Medi-Cal patients. There are a multitude of factors affecting the availability of care for the Medi-Cal population, but one of the most critical is the fact that California's Medi-Cal reimbursement rates are among the worst in the country.

The MCO Tax will raise a total of \$19.4 billion, with much of it being spent on the state's health care infrastructure. Starting in 2024, Medi-Cal provider rates will be increased to at least 87.5% of Medicare for primary care, maternity care and non-specialty mental health services. Starting in 2025, the MCO Tax will also provide an additional \$6 billion for the Medi-Cal program and the health care workforce.

More details on specific allocations below:

- This year the state will receive \$4.4B from the MCO tax, of which \$3.4B will go to the General Fund.
- The remaining \$1B will go toward:
  - Reimbursements for Medi-Cal providers.
  - Payments to help rural hospitals come into compliance with seismic mandates.
  - Payments to the distressed hospital loan program and payments to the UC to expand its graduate medical education program.
- Additionally, the state can expect an annual appropriation of \$1.38 billion in primary care rate increases.
- \$1.15 billion in specialty care rate increases.
- \$700 million to increase emergency department access (including \$200 million for emergency department physicians).
- At least \$500 million for family planning and reproductive health care.
- \$600 million for behavioral health facilities, including increasing inpatient psychiatric beds.

#### **4. Medi-Cal and General Healthcare Budget**

In the face of significant cost pressures and a substantial budget deficit, healthcare proponents feared budget cuts to critical programs and services in the 2023-24 budget. Instead, the Newsom Administration largely avoided funding reductions, and instead worked to make significant investments in healthcare in general and Medi-Cal in particular.

Over the past few years, legislators, stakeholders, and the Governor have made it a priority to expand Medi-Cal eligibility to all Californians, remove barriers to care and ensure coverage for the state's most vulnerable populations. This trend continued as this year's budget provides an expansion of full-scope Medi-Cal eligibility to undocumented immigrants ages 26 to 49 starting January 1, 2024. This marks the largest expansion of Medi-Cal since the Affordable Care Act and will allow stakeholders to now turn their attention to fixes in the delivery system for enrollees and their families.

In addition to the difficulties associated with Medi-Cal coverage, many Californians have struggled with the increasingly unaffordable cost of healthcare in general. Skyrocketing costs have put strains on households across the state, even with workplace health plans or other commercial insurance.

As a result, policymakers included funds to address premiums, deductibles and other cost-sharing components of doctor visits, lab work, medications and other services that leave individuals and families with costs they cannot afford (even when they are enrolled in Covered California plans).

Specifically, the budget allocates:

- \$82.5 million in the 2023-24 budget to lower copays and deductibles of Covered California plans beginning January 1, 2024.
- \$1.2B in 2023-24, and \$3.4 billion (\$3.1 billion General Fund) at full implementation, inclusive of In-Home Supportive Services costs.

### **5. Transportation Budget**

Transportation funding has been an area of great debate in 2023, and Newsom's proposed budget in January reflected his office's supposition that if California were to recover from its economic downturn and neutralize its \$30 billion deficit, cuts would have to be made in the transportation arena.

As a result, the Governor's proposed January budget proposed a delay of \$2 billion to public transit for construction projects. However, after intense lobbying pressure by urban transit agencies and Democratic lawmakers (largely in the San Francisco and Los Angeles areas), a new deal was struck to maintain transit funding and help local transit agencies recover from ridership decreases dating back to the pandemic.

In the deal, Newsom and state legislative leaders agreed on \$5.1 billion for public transit, which will allow transit agencies the flexibility to invest in capital projects or operations as needed and will help the state meet ambitious climate and equity goals.

This funding follows nearly \$3.5 billion in state funding aimed at expanding transit and passenger rail services across the state. The package also includes accountability measures and the creation of a new Transit Transformation Task Force

In addition, the budget maintains the \$15 billion multiyear transportation infrastructure package agreed upon in the 2022-23 state budget, with no changes in the overall funding. Of the \$5.1 billion allocated for public transit, \$4 billion will be funneled through the Transit and Intercity Rail Capital Program, with the remaining \$1.1 billion earmarked for a new Zero-Emission Transit Capital Program. These funds will help address short-term operations and capital needs.

The California State Transportation Agency (CalSTA) will develop and administer an accountability program to govern these funds' distribution. CalSTA will also establish a Transit Transformation Task Force to develop policy recommendations to increase transit ridership, enhance the transit experience, and address long-term operational needs.

## **6. Public Safety Budget**

In California, law enforcement funding mainly comes from local sources. In 2021, California cities spent more than \$14.4 billion on policing, while counties spent \$7.8 billion, and the state spent \$2.7 billion on the California Highway Patrol (CHP). Police funding is typically the largest spending area for cities, accounting for over 15% of all city spending statewide. However, there is substantial variation across communities. City and county police protection is funded by property, business, and sales taxes; federal and state grants; local fees and fines; and voter-approved general and special sales taxes.

However, the state also invests in building safer communities, and in recent years allocations have gone towards positive policing strategies, resources to support peace officer wellness and training and investments in programs to reduce organized retail theft, gun violence, illegal drugs, and other crimes, which are maintained in the budget.

Specific allocations are as follow:

- \$113M for the Safe Neighborhoods and Schools Fund (Proposition 47 of 2014) to help reduce recidivism, support truancy and dropout prevention programs, and fund services for crime victims.
- Nonprofit Security Grant Program—\$20 million one-time General Fund to provide security assistance to nonprofit organizations at risk of hate-motivated violence.
- Reducing gun violence—reallocates \$21 million one-time General Fund to the Office of Emergency Services (OES) to work directly with local law enforcement agencies to expedite targeted, coordinated gun buybacks.
- The Budget also includes \$4 million one-time General Fund for OES to conduct outreach and educate members of the public, law enforcement personnel, and others on how to obtain protective orders, such as gun violence restraining orders or domestic violence restraining orders to protect themselves and others from gun violence.
- Grants for Missing and Murdered Indigenous Persons—\$12 million General Fund over three years for the Board of State and Community Corrections to establish a competitive grant program to help California tribes identify, collect case-level data, publicize, investigate, and solve cases involving missing Indigenous persons.
  - The Budget includes an additional investment of \$12 million one-time General Fund for these purposes.
- Public Defense Pilot Program—Restores \$40 million one-time General Fund to provide counties with funding for indigent defense providers, including public defenders, alternate defenders, and other qualifying entities.
  - This funding is for the third year of a three-year pilot program, bringing the total three-year amount to \$140 million one-time General Fund.
- Proposition 47 Savings—\$112.9 million General Fund in savings for Proposition 47, which invests savings from reduced prison utilization into prevention and support of community programs, and funds are allocated according to the formula specified in the voter-approved measure.
- Post Release Community Supervision—\$9.3million General Fund for county probation departments to supervise the temporary increase of individuals on Post Release Community Supervision as a result of Proposition 57 credit-earning opportunities.

## **7. Climate Budget**

Some of the largest cuts in the 2023-24 budget are found in the environmental/climate program sectors—but it could have been much worse. At least that is the narrative the Governor’s office stood by as the final budget agreement was announced.

The biggest hit was a \$2.9 billion reduction in multiyear climate change funding that was established in the 2021-22 budget. Programs aimed at climate resilience — making the state capable of withstanding some of the impacts of changing conditions — took some of the biggest cuts, losing \$964 million. Sustainable agriculture and drought and water resilience also saw cuts.

However, this \$2.9 billion reduction is much less than was proposed both in January and in the June 15 budget proposal approved by the Legislature. Those proposals saw cuts of \$6 billion and \$5 billion respectively.

Overall, the deal retains \$51.4 billion in climate projects out of \$54.3 billion that was initially established in the 2021 and 2022 state budgets, and about \$10 billion in programs that will help the state reach its zero-emission vehicle mandate — which Newsom originally proposed cutting — remain in the new budget agreement. There is also an additional \$888M for climate-related projects outside of the original climate budget included.

Environmentalists have voiced their concerns with the cuts, noting that California is already struggling to meet emissions reductions and greenhouse gas targets, and any reductions in funding would only exacerbate the problem. As a result, the Senate in April proposed removing some of the climate cuts, but the Governor’s office rejected that plan for fear of raising taxes and/or suspending corporate tax credits.

The final budget agreement also allows fluidity with funding, encouraging regional transit agencies to use funds slated for energy infrastructure and the purchase of zero-emission buses for general operations instead.

It is clear that California will need to find different funding sources if it is to meet its climate change goals, and Newsom has said he is seeking federal climate funding from the Inflation Reduction Act and the Infrastructure Investment and Jobs Act to help do so.

## **8. K-12 Education Budget**

K-12 education leaders are split on the outcomes of the 2023-24 budget agreement, as there was some good, and some bad. On the one hand, public schools will be receiving a historic 8.22% cost-of-living adjustment, which was the top priority of school districts, and the total Proposition 98 funding for the 2023-24 fiscal year will be \$108.3 billion.

Dyslexia advocates saw an additional \$1 million for the California Department of Education to form an independent task force that would compile a list of screening tools used to test students for difficulties with reading, and a \$300 million “equity multiplier” was allocated for schools with the highest concentrations of “socioeconomically disadvantaged” students, which includes



students from low-income households, students experiencing homelessness and students whose parents did not graduate high school.

On the other hand, the governor and the Legislature also agreed to significant cuts. The budget includes a \$200 million decrease to the Arts, Music, and Instructional Materials Discretionary Block Grant, which has a more widespread effect than initially evident. Despite its name, school districts were allowed to use this money on everything from facilities to salaries. In his January proposal, Newsom originally included a \$1.8 billion cut to the program, but his office ultimately agreed with the Legislature's smaller reduction.

The governor and Legislature also agreed to a \$1.6 billion reduction to the Learning Recovery Block Grant, leaving \$6.3 billion available to districts for helping students recover from pandemic-era learning loss, and an intent to restore \$379 million in 2025-26 and 2027-28.

In another win for education advocates, additional revenue will also stave off the Legislature's proposal to delay spending \$400 million of \$500 million from another Newsom priority, the Golden State Pathways program. Passed last year, it will promote career opportunities for low-income high school students in high-skill, high-wage areas, including technology, education and health. It would combine dual enrollment in college courses, completion of A-G courses required for admission to the University of California and California State University, and workplace apprenticeships.

More details can be found in several "trailer bills" that the Legislature passed on June 27:

- Senate Bill 114: sections include teacher recruitment programs, changes to LCAPs transitional kindergarten, and the \$300 million new equity multiplier (see Sec.25).
- Senate Bill 115: Prop. 28, new funding for the arts in schools.
- Senate Bill 116: early child care and education.
- Senate Bill 117: higher education.

Below are additional allocations to K-12 education:

- \$250 million in one-time funding to double grants over five years to high-poverty schools to train and hire literacy coaches for one-on-one and small-group interventions for struggling readers.
- \$80 million in ongoing funding for juvenile court and alternative schools operated by county offices of education, in part to expand access to A-G courses, provide vocational training, and aid in post-secondary education.
- \$20 million in professional development grants for bilingual teachers.
- \$6 million more to the Golden State Teacher Grant program, which offers up to \$20,000 to a teacher candidate who commits to working in a priority school for four years, for teacher candidates preparing to become special education teachers.
- \$3.5 million ongoing to county offices of education to stock opioid overdose reversal medication, with at least two units at all middle and high schools within each county office's jurisdiction.
- \$1 million to develop a state "literacy roadmap" to provide guidance on teaching, training and using evidence-based practices on effective reading instruction.
- \$1 million for a panel to identify a choice of screening instruments from which all

schools must choose, starting in 2025-26, to identify students at risk for dyslexia and other reading difficulties.

- \$1 million for professional development and leadership training through the Museum of Tolerance.

### ***9. Higher Education Budget***

In the higher education realm, funding to increase access to California’s university systems, bolster the state’s scholarship programs and create more affordable student housing remain paramount, but funds did not come without stipulations.

One of Newsom’s biggest priorities this year, his office has committed to ensuring more admissions letters for California undergraduates at the UC, CSU and CCC systems. To incentivize schools to increase California enrollment, the budget agreement approves 5% base funding increases for two university systems — \$215.5 million in ongoing general fund support to UC and \$227.3 million to CSU, with stipulations that both systems add additional full-time in-state students over the next several years.

UC would be expected to add 7,800 in-state undergraduate students this Fall and enroll an additional 8,800 California students by 2026. Similarly, the CSU would be expected to add 4,057 more full-time students in the coming academic year and increase enrollment by 9,866 students in 2024 and 10,161 students in 2025.

The budget agreement remains the same as the May revision for community college funding. The 116-campus system’s base funding is tied to Proposition 98, which determines the portion of the state’s general fund that goes to education.

In terms of scholarships, the budget agreement maintains a previously promised \$227 million this Fall for the Middle Class Scholarship, which should net most in-state UC and CSU undergraduate students several hundred more dollars toward their education this year.

The deal also ensures \$2.2 billion in affordable student housing grants is on the way — enough for at least 11,000 beds. The UC, CSU and community colleges were going to receive state funding directly but will now be expected to issue bonds that the state will pay off.

Finally, the three systems will gain access this year to another \$200 million in zero-interest loans to build student and staff housing — part of a revised plan to ultimately receive \$1.7 billion in state loans by 2028, short of the original \$1.8 billion by 2024-25 promised last year.

## **RIVERSIDE BUDGET ALLOCATIONS**

Funding for California cities in 2023-24 is a very different prospect than it was in previous fiscal years. As noted before, a \$30 billion budget deficit puts a damper on the amount of funds available for local projects, but the outlook did improve marginally as the year went on.

When the projected budget deficit was first announced in the Governor’s January budget, his office made it clear that local funding programs would, in all likelihood, not be approved. As a result, legislative offices which typically champion these budget asks, relayed to our firm and many others that they might not be accepting city budget priorities at all this year, and that the old system which typically netted an office around 3 asks per year for local purposes, would be put on hold as long as this deficit remained.

However, as the year went on, offices became a bit more optimistic. According to Newsom’s office, he wanted legislators to continue fielding local budget asks and compiling their lists in case the budget outlook shifted throughout the year, and funds did become available to fulfill city needs. Then as budget negotiations heated up post-May Revise, the legislature pushed hard to have the fulfillment of local asks included in the final budget deal.

The results were a bit of a hybrid approach. Not nearly as many project funds were approved as compared to budget surplus years, but localities did find some success, and the capital outlays earmarked for Riverside below note this reality.

**1. *Jesus S. Duran Eastside Library Project***

The budget includes \$4.5 million in state funding for the Army Specialist Jesus S. Duran Eastside Library Project in the City of Riverside. This new permanent library will serve as a community hub for the majority-Latino Eastside neighborhood and help support literacy efforts in Riverside.

**2. *Civil Rights Institute***

The budget includes \$500,000 for the City of Riverside for the local historical preservation efforts by the Civil Rights Institute of Inland Southern California.

**3. *Riverside Arts Academy***

The budget provides \$500,000 to the City of Riverside for the Riverside Arts Academy for arts-education-related programs, musical instruments, equipment or facilities.

**4. *Shift Financing Approach for UC Riverside Campus Expansion Projects***

The Budget shifts \$498 million in current and planned General Fund support for the UC Riverside, UC Merced, and UC Berkeley campus expansion projects from General Fund to UC-issued bonds. The budget also provides \$33.3 million ongoing General Fund to support these projects.

**5. *Medical School Project at UC Riverside***

Consistent with the 2019 Budget, this year’s budget includes an increase of \$6.5 million ongoing General Fund to support the Medical School Project at UC Riverside. The Administration’s fiscal plan also includes an additional \$14.5 million ongoing General Fund to support the Medical School Project at UC Merced beginning in 2024-25.

**6. *UC Riverside School of Medicine***

An increase of \$2 million ongoing General Fund to support the UC Riverside School of Medicine.

## BONDS AND INITIATIVES

This year was met with a record number of bonds introduced on a whole host of statewide issues – housing, climate change, education infrastructure, the fentanyl crisis, behavioral health and several others. Of the ten bond bills introduced, only one addressing behavioral health will appear on the March, 2024 ballot. AB 531 (Irwin) and its accompanying reform bill, SB 326 (Eggman) were negotiated by the Legislature and Governor and subsequently signed to appear on the next statewide ballot. *Please refer to the Behavioral Health section of this report for more information on these two bills.*

Because we are ending the first year of a two-year session, there are several bonds that remain alive as “two-year” bills and discussions surrounding those will resume in January. Based on our intel from capitol insiders and experts, the Governor’s office and Legislature will resume negotiations on the remaining bonds in an attempt to put a few on the November, 2024 ballot.

The question state finance experts must ask is how much debt can California incur in bond indebtedness. Political experts must also determine through polling which bonds may likely pass with voters.

Three high priority bonds that were shelved until January are highlighted below:

### **AB 1657 (Wicks): The Affordable Housing Bond Act of 2024**

This bill would enact the Affordable Housing Bond Act of 2024, which authorizes the sale of \$10 billion in general obligation bonds, upon approval by voters at the March 5, 2024 statewide election.

**City Position:** *Support*

**Status:** *Two-year bill*

### **AB 1567 (E. Garcia) Climate/Resources Bond Act of 2024**

This bill would place a \$15.955 billion climate resilience general obligation bond on the ballot for projects in the following areas: Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, Clean Energy, and Workforce Development

**City Position:** *Support*

**Status:** *Two-year bill*

### **SB 867 (Allen) Climate/Resources Bond Act of 2024**

This bill would place a \$15.5 billion climate resilience bond on the ballot for projects in the following areas: Drought, Flood, and Water Resilience, Wildfire and Forest Resilience, Coastal Resilience, Extreme Heat Mitigation, Biodiversity and Nature-Based Climate Solutions, Climate Smart Agriculture, Park Creation and Outdoor Access, and Clean Energy.

**City Position:** *Watch*

**Status:** *Two-year bill*

In other ballot related actions, a grassroots effort was made in 2022 by California’s business community to place a Taxpayers’ Protection and Government Accountability Act (TPA) on the November, 2024 ballot. This measure amends the State Constitution to change the rules for how the state and local governments can impose taxes, fees, and other charges. In summary, it expands the definition of what is considered a tax, it requires voter approval of state taxes and increases the requirements for approving local taxes.

Many statewide labor associations and local governments vehemently oppose the TPA and many state elected leaders believe it ties the hands of the government to function adequately. In fact, Governor Newsom, Assembly Speaker Rivas & Senate Pro Tem Atkins filed a request with the State Supreme Court to remove the TPA from the Nov 2024 ballot.

Meanwhile, at the end of this year’s session, the Legislature overwhelmingly passed ACA 1 and ACA 13 which are two competing measures to the TPA. Both measures were supported by those same labor organizations and local governments who oppose the TPA. A summary of both measures is below. *Note: the Governor’s signature is not required to place constitutional amendments on the ballot. They require two-thirds vote of both the Assembly and the Senate.*

### **ACA 1 (Aguiar Curry) Local government financing: affordable housing and public infrastructure: voter approval.**

ACA 1 is the second attempt by Assembly Member Aguilar Curry having failed to receive the requisite number of votes in 2022. The bill passed and will appear on the November, 2024 ballot. The measure does the following:

- Lowers the voting threshold to 55% to allow local governments to incur bonded indebtedness or impose specific taxes to fund projects for affordable housing or public infrastructure.
- In the event that ACA 1, the TPA or ACA 13 appear on the same ballot, the TPA and ACA 13 shall be deemed to be in conflict with this measure.
- If ACA 1 receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other measure or measures shall be null and void.

### **ACA 13 (Ward) Voting Thresholds**

ACA 13 received the requisite number of votes in both legislative houses but it is not chaptered. It is being held until November 1<sup>st</sup> to determine how the State Supreme Court will rule on the filing to remove the TPA from the November ballot.

ACA 13 does the following:

- Retains the majority vote requirement for passage of state and local initiatives.
- Would require proposed initiatives that seek to increase vote thresholds on future ballot measures to pass with the same proportional higher vote threshold.
- This is in direct conflict with the TPA.

## **LEGISLATIVE OVERVIEW**

The sections below are broken up by major topics and highlight the most significant and relevant bills and policy discussions that took place within each policy arena. A brief list of all bills that

the City took a position and their final outcomes is provided below. Each bill listed above is summarized in detail under the relevant and corresponding subsections below. For additional details on any of the bills in this report, please visit [California Legislative Information](#).

- 1. AB 531 (Irwin): The Behavioral Health Infrastructure Bond Act of 2023**  
City Position: *Support*  
Status: *Chaptered*
- 2. AB 573 (Garcia): Organic waste: meeting recovered organic waste product procurement targets**  
City Position: *Support*  
Status: *Held in Suspense, Two-year bill*
- 3. AB 742 (Jackson): Law enforcement: police canines**  
City Position: *Oppose*  
Status: *Inactive File, Two-year bill*
- 4. AB 1567 (Garcia): Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, Clean Energy, and Workforce Development Bond Act of 2024**  
City Position: *Support*  
Status: *Held in Committee*
- 5. AB 1637 (Irwin): Local Government: internet websites and email addresses**  
City Position: *Oppose*  
Status: *Chaptered*
- 6. AB 1657 (Wicks): The Affordable Housing Bond Act of 2024**  
City Position: *Support*  
Status: *Held in Suspense*
- 7. AB 1708 (Muartsuchi): Retail Theft**  
City Position: *Support*  
Status: *Two-year bill*
- 8. SB 19 (Seyarto): Fentanyl Misuse and Overdose Prevention Task Force**  
City Position: *Support*  
Status: *Chaptered*
- 9. SB 43 (Eggman): Behavioral Health**  
City Position: *Support*  
Status: *Chaptered*
- 10. SB 326 (Eggman): The Behavioral Health Services Act**  
City Position: *Support*  
Status: *Chaptered*

**11. SB 366 (Caballero): The California Water Plan: long-term supply targets**

City Position: *Support*

Status: *Two-year bill*

**12. SB 584 (Limon): Laborforce housing: Short-Term Rental Tax Law**

City Position: *Oppose Unless Amended*

Status: *June 28<sup>th</sup> set for first hearing canceled at the request of author*

**13. SB 602 (Archuleta): Trespass**

City Position: *Support*

Status: *Chaptered*

**BEHAVIORAL HEALTH LEGISLATION**

As a continuation of last year's efforts on addressing California's behavioral health crisis, several bills were introduced on reforming our current behavioral health system. A few bills were reintroductions that failed passage in 2022. A summary of those bills is indicated below.

**AB 531 (Irwin) The Behavioral Health Infrastructure Bond Act of 2023**

This bill would create the Behavioral Health Infrastructure Bond Act of 2024 (Bond) to, subject to voter approval, authorize \$6.380 billion in general obligation (GO) bonds to finance permanent supportive housing for veterans and others, as well as, unlocked and locked behavioral health treatment and residential settings for individuals experiencing homelessness or at risk of homelessness with severe behavioral health challenges. This bill, along with SB 326 is set to be placed on the March, 2024 ballot as Proposition 1.

**City Position:** *Support*

**Status:** *Chaptered*

**SB 43 (Eggman) Behavioral Health**

This bill should look familiar as this is the second time Senator Eggman has introduced it. A similar bill was defeated in Assembly Judiciary Committee last year. It would expand the definition of "gravely disabled," for purposes of involuntarily detaining an individual with a severe substance use disorder (SUD), or a co-occurring mental health (MH) disorder and a severe SUD, or chronic alcoholism that is unable to additionally provide for personal safety or necessary medical care.

**City Position:** *Support*

**Status:** *Chaptered*

**SB 326 (Eggman) The Behavioral Health Services Act**

This bill would require a county, for behavioral health services eligible for reimbursement pursuant to the federal Social Security Act, to submit the claims for reimbursement to the State Department of Health Care Services (the department) under specific circumstances and require counties to pursue reimbursement through various channels and would authorize the counties to report issues with managed care plans and insurers to the Department of Managed Health Care or

the Department of Insurance. This bill, along with SB 326 is set to be placed on the March, 2024 ballot as Proposition 1.

**City Position: *Support***

**Status: *Chaptered***

## CLIMATE AND ENERGY LEGISLATION

California strives to be a leader and innovator in climate and energy policy, with this year being no different.

At the beginning of the session, we saw the Governor call an Extraordinary Session to address the surge in gasoline prices. The session ended with the signing of SBx1-2, which creates a dedicated, day-in and day-out, independent watchdog to root out price gouging by oil companies and authorizes the California Energy Commission (CEC) to create a penalty to hold the industry accountable.

Focus later in the year turned to grid energization delays and the need to expedite approval and permitting of new projects. Local government representatives testified at informational hearings regarding the 2-7 year long delays in being able to connect new developments to existing grid or upgrade existing energy systems. Several key bills followed these discussions, including SB 50 (Wood), that now requires the California Public Utilities Commission (CPUC) by July 1, 2025, to determine criteria to receive timely electricity service when requesting new service connection or upgraded service. SB 410 (Becker) was also chaptered, which requires the CPUC, by September 30, 2024, to establish reasonable and maximum energization time periods in order to connect new customers and upgrade existing customers to the grid.

Attention was also paid to the ongoing struggle to move away from internal combustion engine vehicles, and the need for alternatives. Electric vehicle charging demands and hydrogen potential were among focal points in the discussions this year around meeting the state's zero-emission vehicles goals.

Lastly, the Legislature continued their efforts to tackle the impacts of pollutants. Major bills dealing with corporate accountability passed and were signed. This includes SB 253 (Wiener), which requires companies to report specific greenhouse gas emissions; and SB 261 (Stern), which also requires specific businesses to report climate related financial risks to the CA Air Resources Board. There were also several bills supported by local government groups to clean up impacts of SB 54 (Allen) from last year, dealing with single use bag disposal.

Below are the energy/climate bills that the City took positions on, and their outcome:

### **AB 573 (Garcia) Organic waste: meeting recovered organic waste product procurement targets**

Current law requires the State Air Resources Board to approve and begin implementing a comprehensive short-lived climate pollutant strategy to achieve a certain reduction in statewide emissions of methane, including a goal of a 75% reduction in the level of the statewide disposal



of organic waste from the 2014 level by 2025. Current law requires the Department of Resources Recycling and Recovery, in consultation with the state board, to adopt regulations to achieve these organic waste reduction goals, that provide for, among other things, the calculation by the department of recovered organic waste product procurement targets for each local jurisdiction, and that may include penalties to be imposed by the department for noncompliance. This bill would require the department, for purposes of those regulations, to allow a local jurisdiction, until December 1, 2031, in procuring recovered organic waste products to meet the target procurement requirements, to use California-derived recovered organic waste that the local jurisdiction sends for processing at a facility or operation outside of the state that meets certain conditions, as provided.

**City Position:** *Support*

**Status:** *Held in Suspense, Two-year bill*

#### **AB 1567 (E. Garcia) Climate/Resources Bond Act of 2024**

This bill would place a \$15.955 billion climate resilience general obligation bond on the ballot for projects in the following areas: Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, Clean Energy, and Workforce Development

**City Position:** *Support*

**Status:** *Two-year bill*

### HOUSING AND HOMELESSNESS LEGISLATION

It is no surprise that housing and homelessness remain top priorities for the legislature and the Governor's office in 2023. As noted in the budget sections, over the past five years California has spent over \$17 billion combatting the state's homelessness crisis, and \$30 billion in affordable housing production, allocating funds through a variety of programs aimed at directly building/converting more housing, streamlining CEQA processes and incentivizing developers to build in the state. However, despite the vast economic resources devoted to the issue, California's homeless population has only risen over that timeframe, and the state is well behind the projected housing unit estimates needed to sustain population growth.

As a result, this year Legislators' bill packages were flooded with bills aimed at addressing the many facets of the issue at hand, and committees were tasked with sifting through the many different, and sometimes competing, legislative proposals. In fact, of the 762 bills we tracked for the City in the first year of this 2-year session, 188 of them (roughly 25%) dealt with housing or homelessness in one way or another.

Many of these housing and homelessness bills made their way through the Legislature to the Governor's Desk, and Newsom was charged with condensing the measures into a coherent and encompassing package that would ensure equitable housing and protected living conditions for all Californians.

On October 11<sup>th</sup>, Newsom made his decisions public, releasing a package of 56 bills aimed at simplifying and expediting the construction of new housing, protecting tenants, keeping housing

affordable, incentivizing and reducing barriers to housing and supporting the development of more affordable homes. The legislation streamlines housing developments, allows institutions like colleges and religious organizations to use portions of their property to build housing, and continues a state statute used to hold local communities accountable for their fair share of housing.

Of primary importance to the bill package, Newsom signed into law two key housing bills by Bay Area housing expert Senator Scott Wiener: SB 4 and SB 423.

**SB 4**, dubbed the “Yes in God’s Backyard” bill, would clear the way for churches, synagogues, mosques and other houses of worship, along with nonprofit colleges, to build designated affordable housing on their properties without having to conduct environmental reviews, receive approval from local governments or request changes to zoning.

**SB 423**, the most closely watched housing bill of the year, renews Wiener’s 2017 law that forces local governments to automatically greenlight apartments and other dense urban housing projects, so long as developers set a certain share of the units aside for lower income residents and abide by more stringent and costly labor standards. That means no lengthy environmental reviews or city council meetings. This year’s version tweaks the formula slightly by relaxing some of the labor standards and nixing a prior exemption for many coastal neighborhoods.

On the whole, support for these two bills included YIMBY activists, affordable housing advocates, some of the state’s biggest labor unions and a new addition: the state’s unionized carpenters. Supporters argued that the first iteration of SB 423 was used to fast-track the approval of more than 18,000 units in its first four years, and that SB 4 would open up tens of thousands of acres of land for shovel-ready affordable housing construction, leading to meaningful increases in housing supply, though a far cry from the state’s goal of 315,000 per year. Opposition largely came from local governments, building trade unions and environmental activists who argued for local control, better hiring standards and coastline exemptions, amongst other things.

More than what these two bills set to accomplish legislatively, what they truly represent is a paradigm shift for housing policy in California. When Senator Wiener was elected to the Legislature in 2016, the argument that the state should play an aggressive role in removing obstacles to more housing construction, even over the objections of local governments, was an issue of hot contention and fierce debate. Now it’s almost a given. SB 423 passed with overwhelming support in both houses. The margins on SB 4, two versions of which failed in prior years, were even higher. This shows just how powerful the pro-housing lobbying bloc has become in the Legislature, and just how dire the housing and homelessness problem continues to be in California.

In addition to SB 4 and SB 423 other bills dealt with ADU’s, limiting security deposits and the expansion of the legal definition of “gravely disabled.”

Since a number of bills were passed in 2016 and 2017 related to streamlining accessory dwelling units (ADU’s), there has been an explosion of their construction across the state. According to

the Department of Housing and Community Development, nearly one in five housing units built today is an ADU. AB 1033 by Assemblymember Phil Ting of San Francisco, allows property owners to sell those dwelling units separately from homes. Ting says this will create more rental units and open the door to affordable homeownership for many. Ting also pushed for another \$25 million in this year's budget for the ADU Grant Program, which helps homeowners with preconstruction costs for ADUs.

As it relates to California's increasing renter population, Newsom signed **AB 12**, which limits landlords from taking no more than a month's rent for security deposits. Currently, landlords may charge up to two months' rent for a deposit, or three months for furnished properties. As California's housing prices and mortgage rates continue to skyrocket, lawmakers have put an emphasis on rental agreements, ensuring that renters are able to overcome barriers to entry, and are granted access to housing affordability in every part of the state. AB 12 is the first substantial change to ensuring affordable security deposits since the 1970's.

Lastly, in a landmark decision that will alter involuntary treatment across the state, Governor Newsom signed **SB 43** into law, which changes the legal definition of "gravely disabled" to also consider whether a person faces a substantial risk of serious harm, by failing to provide for their own medical care or personal safety. It would include not just mental illness, but also severe substance use disorder and chronic alcoholism.

SB 43 was primarily supported by the Big City Mayors— a coalition of the state's 13 biggest cities— the California chapter of the National Alliance on Mental Illness, psychiatric associations and more. It was opposed by civil rights groups, including Disability Rights California, Human Rights Watch and the ACLU, among others. It is also opposed by the California Behavioral Health Planning Council, a state advisory body.

Below are the housing/homeless-related bills for which the City had a position, and below those is the full list of 56 housing bills signed by the Governor in his announcement on October 11<sup>th</sup>.

**AB 1657 (Wicks) The Affordable Housing Bond Act of 2024.**

Would enact the Affordable Housing Bond Act of 2024, which, if adopted, would authorize the issuance of bonds in the amount of \$10,000,000,000 pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds would be used to finance programs to fund affordable rental housing and homeownership programs, including, among others, the Multifamily Housing Program, the CalHome Program, and the Joe Serna, Jr. Farmworker Housing Grant Program.

**City Position:** *Support*

**Status:** *Held on Suspense; moved as ballot measure*

**SB 584 (Limón) Laborforce housing: Short-Term Rental Tax Law.**

Would enact the Laborforce Housing Financing Act of 2023, and define "laborforce housing" as housing that, among other things, is owned and managed by specified entities solely for the benefit of residents and households unable to afford market rent, and whose residents enjoy certain protections. The bill would establish the Laborforce Housing Fund in the State Treasury and would make moneys in the fund available to the department, upon appropriation by the

Legislature, for the creation of laborforce housing and other specified housing projects by public entities, local housing authorities, and mission-driven nonprofit housing providers, as provided.

**City Position: *Oppose Unless Amended***

**Status: *Held at request of author***

**SB 683 (Glazer) Hotels and short-term rentals: advertised rates: mandatory fees**

Would, beginning July 1, 2024, require a person or an internet website, application, or other similar centralized platform that advertises a hotel room rate or short-term rental rate before the public in this state, or from this state before the public in any state, to include in the advertised hotel room rate or short-term rental rate all mandatory fees, as defined, that will be charged in order for the consumer to stay in the hotel room or short-term rental and include in the total price to be paid, before the consumer reserves the stay, all taxes and fees imposed by a government on the stay.

**City Position: *Watch***

**Status: *2-Year Bill***

**SB 602 (Archuleta) Trespass.**

Current law makes it a misdemeanor to commit the crime of trespass, which includes refusing or failing to leave land, real property, or structures belonging to, or lawfully occupied by, another and not open to the general public upon being requested to leave by a peace officer at the request of the owner, the owner's agent, or the person in lawful possession and upon being informed by the peace officer that they are acting at the request of the owner, the owner's agent, or the person in lawful possession. Current law requires the owner, the owner's agent, or the person in lawful possession to make a separate request to the peace officer on each occasion when the peace officer's assistance in dealing with a trespass is requested, except that a single request for peace officer assistance may be made for a period not to exceed 12 months when the premises or property is closed to the public and posted as being closed. Current law requires the requester to inform the law enforcement agency to which the request was made when the assistance is no longer desired before the 12-month period expires. Current law also authorizes a single request for a peace officer's assistance to be made for a period of time not to exceed 30 days and identified by specific dates when there is a fire hazard or the owner, the owner's agent, or the person in lawful possession is absent from the property. Under current law, a request for assistance expires when ownership of the property changes or upon a change in the person in lawful possession. This bill would authorize a single request for assistance to be made and submitted electronically, in a notarized form provided by the law enforcement agency, to a peace officer.

**City Position: *Support***

**Status: *Signed by Governor***

***Governor's Signed Housing Package:***

- **AB 12** by Assemblymember Matt Haney (D-San Francisco) – Tenancy: security deposits.
- **AB 84** by Assemblymember Christopher Ward (D-San Diego) – Property tax: welfare exemption: affordable housing.
- **AB 281** by Assemblymember Tim Grayson (D-Contra Costa) – Planning and zoning: housing: post entitlement phase permits.
- **AB 318** by Assemblymember Dawn Addis (D-Morro Bay) – Mobilehome Residency

Law Protection Act.

- **AB 319** by Assemblymember Damon Connolly (D-San Rafael) – Mobilehome Parks Act: inspectors: conflict of interest: enforcement actions: sunset.
- **AB 323** by Assemblymember Chris Holden (D-Pasadena) – Density Bonus Law: purchase of density bonus units by nonprofit housing organizations: civil actions.
- **AB 346** by Assemblymember Sharon Quirk-Silva (D-Fullerton) – Income tax credits: low-income housing: California Debt Limit Allocation Committee rulemaking.
- **AB 434** by Assemblymember Tim Grayson (D-Contra Costa) – Housing element: notice of violation.
- **AB 480** by Assemblymember Philip Ting (D-San Francisco) – Surplus land.
- **AB 516** by Assemblymember James Ramos (D-San Bernardino) – Mitigation Fee Act: fees for improvements: reports and audits.
- **AB 519** by Assemblymember Pilar Schiavo (D-Los Angeles) – Affordable Housing Finance Workgroup: affordable housing: consolidated application and coordinated review process.
- **AB 529** by Assemblymembers Jesse Gabriel (D-Encino)- Adaptive reuse projects.
- **AB 548** by Assemblymember Tasha Boerner (D-San Diego) – State Housing Law: inspection.
- **AB 572** by Assemblymember Matt Haney (D-San Francisco) – Common interest developments: imposition of assessments.
- **AB 671** by Assemblymember Christopher Ward (D-San Diego) – CalHome Program: accessory dwelling units.
- **AB 812** by Assemblymember Tasha Boerner (D-San Diego) – Housing development approvals: reserving affordable units in or near a cultural district for artists.
- **AB 821** by Assemblymember Tim Grayson (D-Contra Costa) – Planning and zoning: general plan: zoning ordinance: conflicts.
- **AB 894** by Assemblymember Laura Friedman (D-Los Angeles) – Parking requirements: shared parking.
- **AB 911** by Assemblymember Pilar Schiavo (D-Los Angeles) – Unlawfully restrictive covenants: affordable housing.
- **AB 976** by Assemblymember Philip Ting (D-San Francisco) – Accessory dwelling units: owner-occupancy requirements.
- **AB 1033** by Assemblymember Philip Ting (D-San Francisco) – Accessory dwelling units: local ordinances: separate sale or conveyance.
- **AB 1114** by Assemblymember Matt Haney (D-San Francisco) – Planning and zoning: housing development projects: post entitlement phase permits.
- **AB 1218** by Assemblymember Josh Lowenthal (D-Los Angeles) – Development projects: demolition of residential dwelling units.
- **AB 1287** by Assemblymember David Alvarez (D-San Diego) – Density Bonus Law: maximum allowable residential density: additional density bonus and incentives or concessions.
- **AB 1308** by Assemblymembers Sharon Quirk-Silva (D-Fullerton)- Planning and Zoning Law: single-family residences: parking requirements.
- **AB 1317** by Assemblymember Wendy Carrillo (D-Los Angeles) – Unbundled parking.
- **AB 1319** by Assemblymember Buffy Wicks (D-Oakland) – Bay Area Housing Finance Authority: housing revenue.

- **AB 1332** by Assemblymember Juan Carrillo (D-Palmdale) – Accessory dwelling units: pre-approved plans.
- **AB 1386** by Assemblymember Jesse Gabriel (D-Encino) – Veterans housing: tenant referrals.
- **AB 1449** by Assemblymembers David Alvarez (D-San Diego) – Affordable housing: California Environmental Quality Act: exemption.
- **AB 1474** by Assemblymember Eloise Gómez Reyes (D-San Bernardino) – California Statewide Housing Plan.
- **AB 1485** by Assemblymember Matt Haney (D-San Francisco) – Housing element: enforcement: Attorney General.
- **AB 1490** by Assemblymember Alex Lee (D-San Jose) – Affordable housing development projects: adaptive reuse.
- **AB 1508** by Assemblymember James Ramos (D-San Bernardino) – Department of Housing and Community Development: California Statewide Housing Plan.
- **AB 1528** by Assemblymember Mike Gipson (D-Los Angeles) – Housing authorities: property taxation.
- **AB 1620** by Assemblymember Rick Chavez Zbur (D-Los Angeles) – Costa-Hawkins Rental Housing Act: permanent disabilities: comparable or smaller units.
- **AB 1633** by Assemblymember Philip Ting (D-San Francisco) – Housing Accountability Act: disapprovals: California Environmental Quality Act.
- **AB 1734** by Assemblymember Reginald Byron Jones-Sawyer Sr. (D-Los Angeles)- Local Government: Surplus Land Act: exemptions.
- **AB 1764** by the Committee on Housing and Community Development – Housing omnibus.
- **SB 4** by Senator Scott Wiener (D-San Francisco) – Planning and zoning: housing development: higher education institutions and religious institutions.
- **SB 34** by Senator Thomas Umberg (D-Santa Ana) – Surplus land disposal: violations: County of Orange.
- **SB 82** by Senator Seyarto (R-Murrieta) – Property taxation: disabled veterans’ exemption: eligibility letters.
- **SB 229** by Senator Thomas Umberg (D-Santa Ana) – Surplus land: disposal of property: violations: public meeting.
- **SB 240** by Senator Rosilicie Ochoa Bogh (R-Yucaipa) – Surplus state real property: affordable housing and housing for formerly incarcerated individuals.
- **SB 267** by Senator Susan Talamantes Eggman (D-Stockton) – Credit history of persons receiving government rent subsidies.
- **SB 341** by Senator Josh Becker (D-Menlo Park) – Housing development.
- **SB 423** by Senator Scott Wiener (D-San Francisco) – Land use: streamlined housing approvals: multifamily housing developments.
- **SB 439** by Senator Nancy Skinner (D-Berkeley) – Special motions to strike: priority housing development projects.
- **SB 482** by Senator Catherine Blakespear (D-Encinitas) – Multifamily Housing Program: supportive housing: capitalized operating reserves.
- **SB 520** by Senator Kelly Seyarto (R-Murrieta) – Property taxation: homeowners’ exemption.
- **SB 593** by Senator Scott Wiener (D-San Francisco) – Redevelopment: successor agency

debt: City and County of San Francisco.

- **SB 684** by Senator Anna Caballero (D-Merced) – Land use: streamlined approval processes: development projects of 10 or fewer residential units on urban lots under 5 acres.
- **SB 713** by Senator Steve Padilla (D-San Diego) – Planning and zoning: density bonuses: development standard.
- **SB 734** by Senator Susan Rubio (D-Baldwin Park) – Property tax: possessory interests.
- **SB 747** by Senator Anna Caballero (D-Merced) – Land use: surplus land.
- **SB 789** by Senators Ben Allen (D-Santa Monica) - Elections: Senate Constitutional Amendment 2 of the 2021–22 Regular Session and Assembly Constitutional Amendment 5 of the 2023–24 Regular Session.

## TRANSPORTATION LEGISLATION

Although the big story around transportation this year may have been the budget retentions secured by the Legislature and approved by the Governor, there were a number of high-profile bills that were intensely debated throughout the first year of the 2023-24 legislative session.

Two key measures were **AB 645** (Friedman) **AB 316** (Aguiar-Curry). AB 645 was signed into law on October 18<sup>th</sup> and will establish a five-year pilot program to give local transportation authorities in the cities of San Jose, Oakland, Los Angeles, Glendale, Long Beach, and the City and County of San Francisco the authority to install speed safety systems.

The author argues that cameras (if placed equitably) eliminate racial bias in speed enforcement, and that automating enforcement allows cities to crack down on speeding continuously, providing a consistent disincentive to drive at dangerous speeds. These speed safety systems are used in countries around the world, and in over 150 communities in the United States. Opponents of the bill argue that these camera installations would lead to government overreach, too much data collection, and they note that other less invasive measure can be deployed, such as roundabouts, speed humps or tables and traffic circles.

AB 316 did not fare as well. That measure was vetoed by Governor Newsom on September 22<sup>nd</sup> after reaching his desk with only 8 “No” votes through the entirety of its legislative journey. The bill sought to restrict autonomous heavy-duty trucks from being operated on public roads for testing purposes, transporting goods, or transporting passengers without a human safety operator physically present in the vehicle at the time of operation. The bill was backed heavily by labor in an attempt to retain jobs in the trucking industry.

In his veto message, Newsom claimed that the existing regulatory framework that presently governs this particular technology is sufficient, and that any regulations framed by the department of motor vehicles would be transparent, with inputs from stakeholders and experts to ensure safety. Newsom also directed the labor and workforce development agency to develop recommendations to mitigate any potential impact on jobs from the deployment of such vehicles.

In addition, advocates for safer streets and active transportation were pleased with a number of measures that will increase safety for bike riders and pedestrians and increase enforcement for penalties.

Bills of note are—

- **AB 413** (Lee), which will create a statewide standard of a 20-foot setback for car parking from marked and unmarked crosswalks, giving communities the flexibility to set shorter or longer clearances based on the speed of the street.
- **AB 251** (Ward), which will create a study on the impact of increased vehicle sizes on traffic deaths and injuries as well as the extra wear and tear on California’s roadways. The study will recommend whether the state should levy an additional fee for oversized vehicles.
- **AB 361** (Ward), which will allow cities to install forward-facing cameras on city-owned vehicles for the purpose of video imaging bike lane parking violations, giving communities greater capacity to ensure that bike infrastructure is not illegally repurposed as car storage.

## CANNABIS LEGISLATION

It has almost been a decade since the Legislature passed the legislation establishing a regulatory framework for medicinal cannabis (AB 266 in 2015), which was followed by the legalization of adult use of cannabis a year later by Proposition 64. Despite the thousands of hours that went into the crafting of these laws, followed by state and local regulations/ordinances, there are still significant issues lingering at the statewide and local level. In broad categories, the top issues remain centered around enforcement (or lack thereof), access and business opportunities, and expungement and penalty reform.

This year, the Legislature took significant action to support local enforcement against illegal cannabis activity. **AB 1171** (Rubio), which was signed into law by the Governor, authorizes a person with a cannabis license to bring action in superior court against a person engaging in unlicensed cannabis activity, making it easier to bring action against illicit operators. Also signed into law was **AB 1448** (Wallis), which redirects specified portions of civil penalties collected for unlicensed commercial cannabis activity from the General Fund to the treasurers of localities that brought the action for the penalties. Finally, AB 1684 (Maienschein) was chaptered to expand the power of local jurisdictions to immediately impose fines against any type of unlicensed commercial cannabis activity.

As for access, **AB 374** (Haney) would have authorized local government to approve cannabis consumption sites, analogous to cannabis lounges, or “coffeeshops”, found in Amsterdam. However, Governor Newsome vetoed this bill, stating, “I am concerned this bill could undermine California's long-standing smoke-free workplace protections.” Governor Newsom did leave the door open to subsequent legislation if it addresses this concern.

Lastly, concerning ongoing efforts to remove statutory penalties or restrictions tied to cannabis use, the Governor signed **SB 700** (Bradford), which adds to the prohibitions under the Fair



Housing and Employment Act discrimination on the basis of cannabis use, and would prohibit an employer from requesting information about an employee or applicant's past cannabis use.

## PUBLIC SAFETY LEGISLATION

From retail theft to the fentanyl epidemic, the Legislature dealt with a large number of bills dealing with the public safety issues facing California. Additionally, we saw a number of bills seeking to limit local law enforcement's functions. In total, more than 500 bills were referred to the Senate and Assembly Public Safety Committees this year, one of the highest totals of any policy committees.

In regard to retail theft, the primary focus this year was on reinstating higher penalties on repeat theft offenders. **AB 1708** (Muratsuchi) would have allowed a judge to leverage felony charges against those with two or more prior convictions – although the bill would allow the sentence to be avoided through mandatory completion of specified rehabilitation programming.

Despite sponsorship by the League of Cities, CA Police Chiefs Association, CA District Attorneys Association, and CA Retailers Association, AB 1708 was held in the Assembly Public Safety Committee – a committee that has opposed any changes to Prop 47 since its passage in 2014. However, with a new Speaker in the Assembly, we expect changes to the make-up of policy committees, which may create an opportunity for AB 1708 to move forward next year.

Fentanyl was another major focal point this year within public safety discussions. With exponential increases in fentanyl deaths, including a 121% spike from 2019 to 2021 (according to [CalMatters](#)), the Legislature introduced a plethora of bills to address this growing problem. Although the Assembly Public Safety Committee Chair, Assemblymember Jones-Sawyer, attempted to hold all fentanyl related bills in favor of an informational hearing, the committee was ultimately forced to have a special hearing to discuss a number of policy proposals. Below highlights the outcome of that hearing:

- **AB 33** (Bains): Would establish a statewide task force comprised primarily of medical professionals to develop recommendations. This bill passed committee and was signed by Governor.
- **AB 367** (Maienschein): Raises penalties against those who sell fentanyl that results in great bodily injury or death. This bill was held in committee.
- **AB 474** (Rodriguez): Would prioritize state efforts to combat fentanyl trafficking. This bill passed committee but was vetoed by the Governor in favor of local law enforcement funding.
- **AB 675** (Soria): Clarifies that possession of both fentanyl and firearm is a felony. Passed this committee but died in Appropriations committee.
- **AB 955** (Petrie-Norris): Adds additional penalties for those who sell fentanyl through a social media platform. This bill failed in committee.
- **AB 1058** (Patterson): Adds a penalty enhancement for possession of greater amounts of fentanyl. This bill failed in committee.

- **AB 701 (Villapudua):** Would increase penalties for dealing greater amount of fentanyl. This bill passed and was signed by Governor.

Outside of these two major issues, there were significant number of bills introduced this year to restrict or ban certain law enforcement function or tools. These bills sought to ban police canines, ban consent searches, ban low-level traffic stops, prohibit law enforcement from responding to certain 911 calls, restrict search warrants, ban or restrict the use of facial recognition technology and license plate readers, and more. Ultimately, each one of these bills failed to make it to the Governor.

Below are the public safety bills the City had a position on this year:

**AB 1708 (Muratsuchi): Prop 47 reform, retail theft**

Existing law, the Safe Neighborhoods and Schools Act, enacted by Proposition 47, as approved by the voters at the November 4, 2014, statewide general election, defines and prohibits an act of shoplifting and prohibits prosecution for an act of shoplifting under any other law. This bill would refine the definition of shoplifting and would specifically exclude certain offenses from prosecution as shoplifting, which would allow repeat offenders to be prosecuted for a misdemeanor or a felony.

**City Position:** *Support*

**Status:** *Held in Assembly Public Safety*

**AB 1637 (Irwin) Local Government: internet websites and email addresses**

Would, no later than January 1, 2029, require a local agency, as defined, that maintains an internet website for use by the public to ensure that the internet website utilizes a “.gov” top-level domain or a “.ca.gov” second-level domain and would require a local agency that maintains an internet website that is noncompliant with that requirement to redirect that internet website to a domain name that does utilize a “.gov” or “.ca.gov” domain. This bill, no later than January 1, 2029, would also require a local agency that maintains public email addresses to ensure that each email address provided to its employees utilizes a “.gov” domain name or a “.ca.gov” domain name. By adding to the duties of local officials, the bill would impose a state-mandated local program.

**City Position:** *Oppose*

**Status:** *Chaptered*

**AB 742 (Jackson): Police canine restrictions**

As introduced, this bill would have banned the use of police canines for arrest, apprehension, and crowd control. As amended, B 742 would prohibit the use of an unleashed police canine by law enforcement to apprehend a person unless the person is being pursued for a felony that threatened or resulted in the death of or serious bodily injury to another person and the person poses an imminent danger of death or serious bodily injury to the officer or to another person and any use of a police canine for crowd control. The bill would prohibit a police canine from being used to bite unless there is an imminent threat of death or serious bodily injury to the officer or another person by the person against whom the canine is used. The bill would attribute the death of or serious bodily injury to a person caused by a police canine to the canine’s handler as

constituting deadly force. The bill would prohibit law enforcement agencies from authorizing any use or training of a police canine that is inconsistent with this bill.

**City Position:** *Oppose*

**Status:** *Failed to pass Assembly Floor*

### **SB 19 (Seyarto): Fentanyl task force**

Would, upon appropriation by the Legislature, establish the Fentanyl Misuse and Overdose Prevention Task Force to undertake various duties relating to fentanyl misuse including, among others, collecting and organizing data on the nature and extent of fentanyl misuse in California and evaluating approaches to increase public awareness of fentanyl misuse. The bill would require the task force to be co-chaired by the Attorney General and the State Public Health Officer or their designees and would specify the membership of the task force. The bill would require the first meeting of the task force to take place no later than June 1, 2024, and would require the task force to meet at least once every 2 months. The bill would require the task force to submit an interim report on its findings and recommendations to the Attorney General, the Governor, and the Legislature by July 1, 2025, and submit a final report by December 1, 2025. The bill would repeal these provisions on January 1, 2026.

**City Position:** *Support*

**Status:** *Chaptered*

## DROUGHT/WATER/WILDFIRE LEGISLATION

The water situation in California over the past few years has been contentious to say the least. It seems that California is constantly living in extremes, either not getting enough water, or getting too much too fast. This legislative session in particular, we saw competing key water issues centered around both drought prevention and flood protection. Having to debate two seemingly opposite sides of a political coin might seem odd, but such is life in a state that has been in extreme drought conditions for the better part of a decade, that is occasionally hit with massive deluges that do not afford opportunities for adequate rainwater capture.

As if the capture of water is not difficult enough, California also saw the debate around a different water problem emerge this year— who has the rights to the state’s water, and who gets to control where it flows. This isn’t a new issue. In fact, it dates all the way back to the 1800’s, and many water rights advocates are clamoring for an update to centuries-old resources claims.

Compared to most other states, California has a fragmented water rights system. Surface water claimed by those who divert water from state waterways to use on adjacent lands don’t need to obtain prior approval from state water regulators to do so. Nor do users who divert water for shipment and application away from a waterway if they or their predecessors claim to have secured their “appropriative” water rights before 1914. Only those California appropriators who’ve perfected their water rights after 1914 are required to comply with the permit system administered by the State Water Resources Control Board.

A number of bills sought to reform California's water rights statutes, and they are detailed below. Of note, only **SB 389** (Allen) was able to make it through the legislature and receive a signature from Governor Newsom.

**SB 389** (Allen) as originally introduced this bill would have shifted the burden for proving or disproving the validity of a claimed water right from the State Water Board to the water right holder. As amended and signed by the Governor the bill now authorizes the board to investigate and ascertain whether a water right is valid. The board is further authorized to issue information orders in furtherance of an investigation, as executed by the executive director of the board, as specified. The bill would authorize a diversion or use of water ascertained to be unauthorized to be enforced as a trespass, as specified. The bill was signed by the Governor.

**AB 460** (Bauer-Kahan) would have created new powers within the State Board to issue interim relief orders against water rights holders, including those with pre-1914 water rights. This bill would have authorized the board to issue, on its own motion or upon the petition of an interested party, an interim relief order to a diverter or user of water in adjudicative proceedings to apply or enforce specified provisions of law related to water rights and quality. Violations of any interim relief order issued by the board would result in a civil penalty in an amount not to exceed the sum of \$10,000 for each day in which a violation occurs and \$2,500 for each acre-foot of water diverted in violation of the interim relief order. Moreover, the bill would have limited the ability of aggrieved parties to seek judicial relief until all administrative remedies are exhausted. The bill was held in Senate Natural Resources and Water Committee at the author's request.

**AB 1337** (Wicks) would have expanded to the State Water Board's authority to issue curtailment orders over pre-1914 water rights holders. This bill would have authorized the board to issue a curtailment order for any diversion, regardless of basis of right, when water is not available under the diverter's priority of right. This bill would have additionally authorized the board to issue a cease-and-desist order when a water right holder fails to curtail diversions when water is unavailable under the water right holder's priority of right. The bill was held in Senate Natural Resources and Water Committee at the author's request.

In the drought arena, one bill in particular (**AB 1423**, Schiavo) made headlines after receiving a Governor's veto, as it would have limited the use of so-called "forever chemicals" in legions of plastic products found in synthetic lawns. These chemicals, known as "PFAS" were a topic of heavy debate this year, popping up in a number of product bans as additional studies and research are finding their association with various types of cancers and other chronic diseases.

But what does this mean for drought prevention? Well less than a decade ago then-Governor Jerry Brown signed a law prohibiting cities and counties from banning synthetic grass. At the time, the state was in the middle of a crippling drought and fake lawns were thought to be helpful in saving water. However, this year Democrats in the legislature went in a different direction, proposing bills that would discourage synthetic turf, noting the health risks created by the chemicals present in these lawns.

However, in vetoing AB 1423 Newsom wrote that he "strongly" supports the intent of the legislation, but he was concerned that the state was not positioned to ensure its effectiveness, and

that the bill does not identify or require any regulatory agency to determine compliance with, or enforce, the proposed statute. He also wrote that he’s directing his administration to consult with lawmakers on “alternative approaches to regulating the use of these harmful chemicals in consumer products,” suggesting the issue could return in the next legislative year.

In regards to the state’s ongoing efforts to combat wildfires, both on the ground and in statute, the most significant policy discussion this year centered on accessibility to homeowners fire insurance. With major insurers refusing to offer or renew fire coverage due to growing risks, stakeholders worked to create a deal that ensured solvency to the state fund to provide basic fire insurance to homeowners who were denied by private companies. Unfortunately, the deal fell through in the final few weeks of session, but we anticipate conversations to continue over the Fall leading into next year.

Below is a summary of the water related legislation acted on by the City this year:

**SB 366 (Caballero) The California Water Plan: long-term supply targets**

Current law requires the Department of Water Resources to update every 5 years the plan for the orderly and coordinated control, protection, conservation, development, and use of the water resources of the state, which is known as “The California Water Plan.” Current law requires the department to include a discussion of various strategies in the plan update, including, but not limited to, strategies relating to the development of new water storage facilities, water conservation, water recycling, desalination, conjunctive use, water transfers, and alternative pricing policies that may be pursued in order to meet the future needs of the state. Current law requires the department to establish an advisory committee to assist the department in updating the plan. This bill would revise and recast certain provisions regarding The California Water Plan to, among other things, require the department to instead establish a stakeholder advisory committee and to expand the membership of the committee to include tribes, labor, and environmental justice interests. The bill would require the department to coordinate with the California Water Commission, the State Water Resources Control Board, other state and federal agencies as appropriate, and the stakeholder advisory committee to develop a comprehensive plan for addressing the state’s water needs and meeting specified long-term water supply targets established by the bill for purposes of The California Water Plan. The bill would require the plan to provide recommendations and strategies to ensure enough water supply for all beneficial uses.

**City Position: *Support***  
**Status: *Two-year bill***

**EDUCATION AND HIGHER EDUCATION LEGISLATION**

Another yearly staple of California legislative action, education often dominates both budgetary and policy discussions across the state. 2023 was no exception.

The first significant policy arena this year centered around transitional kindergarten (TK), mixed delivery systems and how child care interacts with a changing landscape in California.

Transitional kindergarten, which California first launched in limited capacity in 2010, is meant to ease 4-year-olds into the rigors of elementary school. Ideally, it combines the carefree fun of preschool with a hint of structure and academic know-how, so children are better prepared for kindergarten and beyond.

A study of California's TK program by the American Institute of Research found that children who completed TK had stronger skills in math and literacy when they started kindergarten and were more engaged in learning than their peers who didn't participate in the program. The benefits were especially pronounced for English learners and low-income students.

As a result, in 2021 California expanded its TK program, requiring schools to provide space for all eligible 4-year-olds whose families want it. With a rollout period of five years, schools have been challenged with hiring and training teachers and converting classrooms to meet state guidelines.

In 2022-23, enrollment lagged below expectations, with just over half of California's eligible 4-year-olds enrolled in TK last year, roughly 22% below state projections. But now enrollment appears to be increasing. The official numbers for 2023-24 aren't available yet, but a CalMatters sampling of districts statewide reported better-than-expected enrollment so far this year.

Moving ahead to K-12 education, Newsom has now dealt with a number of high-priority bills. Key areas of interest include: teacher shortages; teacher recruitment; school nurse shortages; English learners; bilingual teacher prep; Dream resource centers; instruction and testing; test results reporting; eliminating willful defiance; mental health access; CalFresh eligibility; lead in school water; narcotic abuse treatment; gender neutral bathrooms and LGBTQ+ supportive schools.

Lastly, higher education remained a focus as the UC, CSU and CCC systems continue to struggle with maintaining enough slots for California students, college affordability as a whole has become increasingly unattainable and pathways from high school to 2-year institutions to 4-year institutions to eventual employment remain convoluted and confusing.

One recently enacted bill, **AB 1291** by Assemblymember Kevin McCarty, seeks to simplify the process of transferring from a California community college to a UC campus. Under a new pilot program starting at UCLA, students who complete an associate degree for transfer in select majors would be prioritized for admission. The program would later expand to additional campuses in limited majors.

Proponents say it would streamline the state's transfer system since students can get a guaranteed spot somewhere in the California State University system by completing an associate degree for transfer. But the student associations representing UC and the community college system were opposed to the bill.

LOOKING AHEAD TO 2024

This year saw more than 30 new lawmakers take office, and we expect a similar number of new Legislators, if not more, following the 2024 election.

Moving into next year, there will be major changes to the policy committees and leadership position, as Speaker Rivas looks to take a much more hands on approach to the leadership position than his predecessor, Rendon. Similarly, Senator Mike McGuire will succeed current Pro Tem of the Senate, Toni Atkins, however he will only have a short tenure as President of the Senate, as he terms out in 2026.

As it relates to the budget, we expect a similar fiscal outlook for fiscal year 2024-25. Through Friday, October 20, the Franchise Tax Board has collected \$17.3 billion of personal income tax and corporation tax receipts this month. This is far below the \$44.9 billion of FTB collections projected for the entire month of October 2023. This is in part explained by the recent decision to delay tax filing for a second time, but it still puts California in an uncertain budget position, making it difficult for the LAO and Department of Finance to give accurate budget forecasts in the coming months. As a result, the Governor's January budget might need to be curtailed to account for continually reduced tax receipts.