

PLATINUM | ADVISORS

Meeting of October 24, 2025

TO: Chris Snyder, Chair, Governmental Affairs and Public Information Committee
Gerald D. Cochran, President, Board of Directors
Denis J. Mulligan, General Manager

FR: Platinum Advisors, LLC

RE: **STATE UPDATE FROM THE DISTRICT'S LEGISLATIVE ADVOCATES, PLATINUM ADVISORS, LLC**

End of Session: In order to meet the 72-hour in print rule, this year the legislative session did not end at midnight on September 12th but was extended until late afternoon on September 13th. While it is routine for the last day of session to creep into the wee hours of the next day, several bills, including legislation extending the cap & invest program, were not amended until Wednesday, October 10th, forcing session to extend into Saturday in order to comply with the 72-hour in print rule. Since the legislature did not adjourn until September 13th, Governor Newsom now has until Monday, October 13th at midnight to sign or veto all measures sent to his office during the final weeks of session.

Fiscal Outlook: With the turmoil clouding the federal budget, California's revenue outlook remains strong. For the month of August, cash revenues totaled \$1.7 billion higher than the June budget forecast. The higher revenues were fueled by personal income tax receipts that were \$1.1 billion higher than expected. Although data collected is only two months into the fiscal year, revenues exceed projections by nearly \$1.8 billion.

Seismic Project: In June, SB 129 was approved. This measure was the budget trailer bill dealing with labor issues. This measure contained language negotiated between the Governor's Office, Seante President Pro Tem McGuire's office and the District to exempt the final phase of the District's seismic retrofit project from new CalOSHA lead regulations.

Enactment of SB 129 provides certainty on the lead safety protocol the District must follow. This was necessary to address the problematic rollout of the new CalOSHA regulations and the confusion that followed. After numerous meetings with the Governor's office, the Labor Agency, Senate and Assembly leadership an agreement was reached on language that states the District must follow the regulations that were in place prior to January 1, 2025. This was a major achievement that would not have been possible without the active support of the District's Board and our labor partners.

End of Session Budget Bill Junior & Trailer Bills: The end of session budget package includes a budget bill junior, AB 105, and 16 budget trailer bills that make statutory changes to implement the budget agreement. The Governor has signed AB 105 and SB 153 into law.

AB 105 makes numerous amendments to the budget act that was adopted in June to reflect agreements on cap & invest funding for the 2025-26 fiscal year and other changes. This measure amends the budget to appropriate \$368 million in auction revenue to the Transit & Intercity Rail Capital Program (TIRCP). The budget bill language splits this allocation, directing \$188 million to the TIRCP competitive program and \$180 million to the TIRCP formula allocation. AB 105 also appropriates \$38 million in auction revenue to the Energy Commission for charging infrastructure for heavy-duty vehicles.

AB 105 also includes budget bill language stating the Department of Finance and CalSTA will examine providing loans and other financing options for the large Bay Area transit operators. The expectation is negotiations on loan terms will continue through this fall and be adopted as part of an early budget action item in January or February.

SB 153 is the budget trailer bill that makes statutory changes related to transportation items. Among the changes included in SB 153 are amendments that allow the allocation of auction revenue to the Low Carbon Transit Operations Program (LCTOP) for the 2025-26 fiscal year. LCTOP funds are allocated by formula to all eligible transit operators based in proportion to State Transit Assistance (STA) funds that the operator receives.

Cap & Invest: Governor Newsom has signed into law the cap & invest agreement contained in AB 1207 (Irwin) and SB 840 (Limon). AB 1207 extends the program to January 1, 2046, and changes the name of the program from “cap & trade” to “cap & invest.” AB 1207 also reforms several elements of the program, including but not limited to, the use and accounting of offsets, the distribution of allocated allowances, and the allowable uses of compliance instruments sold at the price ceiling.

SB 840 contains the new expenditure plan for auction revenue. SB 840 sunsets the existing expenditure plan on July 1, 2026, and replaces it with the plan summarized below that annually allocates \$4.2 billion in auction revenue. The change that raises concerns is this expenditure plan is structured in three tiers. As funds are generated at auctions the funds flow first to the top tier and then to the second and finally to the third tier. If the auction hits historic averages of \$4.2 billion there should be no problem.

If auction revenue falls below \$4.2 billion, the first two tiers are fully funded, and the Department of Finance will proportionally reduce the amounts in the third tier, which is where the transit allocations are located. Over the past three years auction revenues averaged \$4.2 billion, with a high of \$5.1 billion in 2023-24 and a low of \$3.4 billion In 2024-25. While there is optimism that reauthorizing the auction program will stabilize and increase auction revenue, federal challenges on California's authority could result in depressed revenues until this challenge is settled.

Starting with the 2026-27 Fiscal year cap & invest auction revenue will be allocated as follows:

First Tier Includes:

- Continue to use auction revenue to backfill the State Responsibility Area fire prevention fee, and to backfill the general fund for the green manufacture tax exemption. The amount allocated for these items ranges up to \$240 million.

- \$3,000,000 is allocated for the establishment of the Legislative Counsel Climate Bureau. The purpose is to provide advice and investigation services to the Legislature.

After the amounts specified above are fully allocated, as determined by the Department of Finance, the remaining money in the fund shall be allocated for second-tier priorities as follows:

- \$1 billion continuously appropriated to the High-Speed Rail Authority for the following components of the initial operating segment and Phase I Blended System:
 - Acquisition and construction costs of the project.
 - Environmental review and design costs of the project.
 - Other capital costs of the project.
 - Repayment of any loans made to the authority to fund the project.
- \$1 billion is reserved for appropriation by the Legislature in the annual Budget Act or other statute. SB 840 includes legislative intent language to allocate these funds in the 2026-27 budget for the following:
 - \$125 million for transit passes.
 - \$25 million for seed funding for a University of California Climate Research Center.
 - \$15 million for rebuilding Topanga Park.
 - \$85 million for an entity chosen by the Legislature to support climate-focused technological innovation, related research, and the deployment of climate solutions identified in the scoping plan.

After the funds above are fully allocated, third-tier funding priorities are continuously appropriated as follows:

- \$800 million to the Strategic Growth Council for the Affordable Housing and Sustainable Communities Program. No less than 10 percent of these funds shall be expended for affordable housing, consistent with the provisions of that program.
- \$400 million to the Transportation Agency for the Transit and Intercity Rail Capital Program
- \$250 million to the State Air Resources Board for community air protection programs, also known as AB 617 programs. AB 617 directs funds for financial incentives to reduce mobile and stationary sources of criteria air pollutants or toxic air contaminants consistent with community emissions reduction programs. This does not include funding for HVIP rebates. Under SB 840 CARB would receive a continuous appropriation for the first time.
- \$200 million to the Transportation Agency for the Low Carbon Transit Operations Program which will be allocated by the State Controller pursuant to the STA formula shares.
- \$200 million to the Department of Forestry and Fire Protection and allocated as follows:
 - 82.5%, or \$165 million, for healthy forest and fire prevention programs and projects that improve forest health and reduce emissions of greenhouse gases caused by uncontrolled wildfires.
 - 17.5%, or \$35 million, for the completion of prescribed fire and other fuel reduction projects
- \$135 million is transferred to the Safe and Affordable Drinking Water Fund

• **Legislation:**

Bills	Subject	Status	Client - Position
<u>AB 334</u> (Petrie-Norris D) Operators of toll facilities: interoperability programs: vehicle information.	This bill clarifies the data operators of toll facilities on federal-aid highways engaged in an interstate interoperability program can provide regarding a vehicle's use of the facility.	Senate Floor Inactive File	Golden Gate Bridge - Watch
<u>AB 394</u> (Wilson D) Public transportation providers.	This measure would expand existing law regarding battery of a transit operator or transit passenger to also include an employee or contractor of a public transit provider. This bill also expands the workplace violence restraining order provisions to expressly permit a judge, at their discretion, to issue a TRO or restraining order that prohibits the subject of the order from the entirety of the public transit system.	Signed Into Law Chapter #147, Statutes of 2025	Golden Gate Bridge - High Watch
<u>AB 440</u> (Ramos D) Suicide prevention.	AB 440 requires the Office of Suicide Prevention (OSP) to identify state bridges and roadways with a history of a relatively high number of suicide-related deaths and to work with Caltrans to identify cost-effective strategies to reduce these suicides. Requires OSP to prepare and submit a report to the Legislature and the relevant policy committees on the strategies that it identifies on or before December 31, 2026, and repeals these provisions January 1, 2028.	Signed Into Law Chapter #262, Statutes of 2025	Golden Gate Bridge - Watch
<u>AB 810</u> (Irwin D) Local government: internet websites and email addresses.	Existing law requires all cities and counties to transition to using a ".gov" or ".ca.gov" domain name for all websites and email addresses by January 1, 2029.	ASSEMBLY APPR Held on Suspense File	Golden Gate Bridge - High Watch

	AB 810 (Irwin) was amended to expand this requirement to include special districts, joint powers authorities, or other political subdivisions to also comply with this requirement by January 1, 2031.		
<u>AB 1070</u> <u>(Ward D)</u> Transit districts: governing boards: compensation: nonvoting members.	<p>The author pulled AB 1070 from the Assembly Local Government Committee agenda, making it a two-year bill.</p> <p>This proposal would require ALL transit governing board members to demonstrate that they use public transit in order to be compensated for serving on the transit board. In addition, the bill would require the addition of 2 non-voting members to governing boards. The seats would be reserved for a representative of transit user groups, and a seat represented by the labor organization representing the majority of employees. Both non-voting members would have two alternates each. The nonvoting members may be excluded from any discussions regarding labor negotiations</p>	ASSEMBLY L. GOV Two-Year Bill.	Golden Gate Bridge - Oppose
<u>AB 1085</u> <u>(Stefani D)</u> License plates: obstruction or alteration.	This measure makes a critical change to existing laws to prohibit the installation or use of a shade or tint on a license plate that would interfere with the ability of electronic license plate reader to record the plate number.	Signed Into Law Chapter #179, Statutes of 2025.	Golden Gate Bridge - Support
<u>AB 1250</u> <u>(Papan D)</u> Transit operators: paratransit: recertification of eligibility.	<p>As amended, the bill requires transit operators, by June 1, 2027, to use a streamlined recertification process, for persons who have previously been determined to be eligible for paratransit service to have their eligibility reviewed.</p> <p>The streamlined recertification process must utilize a telephone interview, mail-in form, or online</p>	Governor's Desk	Golden Gate Bridge - High Watch

	<p>survey and may only collect the following information:</p> <ul style="list-style-type: none"> • Physical address; • Mailing address, if different from physical address; • Emergency contact; • Phone number; • Updated mobility devices; <p>Status of disability, with identification of any worsening of the person's disability, any additional disability, any changes to the person's functional abilities, and any changes to the person's use of an assistive device.</p>		
<p>SB 63 (Wiener D) San Francisco Bay area: local revenue measure: transportation funding.</p>	<p>SB 63 was amended to authorize a 14-year sales tax to fund regional public transportation operations that will be placed on the November 2026 ballot in the Counties of Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara. The bill also outlines maintenance of effort requires, a financial review of the transit operators, and accountability provisions. The bill includes an allocation of funds generated in San Francisco to the District.</p>	Governor's Desk	Golden Gate Bridge - Support
<p>SB 71 (Wiener D) California Environmental Quality Act: exemptions: transit projects.</p>	<p>SB 71 was amended to extend, not repeal the sunset date on existing law that exempts certain transit, bicycle, and pedestrian projects from CEQA. The new sunset date is set for January 1, 2040.</p>	Governor's Desk	Golden Gate Bridge - Support
<p>SB 239 (Arreguín D) Open meetings: teleconferencing: subsidiary body.</p>	<p><i>The provisions in SB 239 were added to SB 707, which is a comprehensive overhaul of Brown Act provisions related to remote participation.</i></p> <p>SB 239 proposed to allow certain types of advisory or subsidiary bodies to meet using remote/teleconference participation if specified conditions are met. SB 239 would not apply to a subsidiary body that has subject matter jurisdiction</p>	<p>SENATE FLOOR</p> <p>Inactive File</p>	Golden Gate Bridge - Watch

	over police oversight, elections, or budgets.		
<u>SB 274</u> (Cervantes D) Automated license plate recognition systems.	As sent to the Governor's desk, SB 274 was amended to clarify that the provisions in this bill do not apply to toll facilities and the use of forward-facing cameras on transit buses. This bill requires operators and end-users of automated license plate recognition (ALPR) systems to bolster their safeguards relating to employee access and usage of such systems, require audits by the Department of Justice (DOJ), and place retention limits on the ALPR data collected. The Governor vetoed SB 274 due to cost pressures caused by the audits, and the potential to interfere with solving crimes.	VETOED	Golden Gate Bridge - High Watch
<u>SB 707</u> (Durazo D) Open meetings: meeting and teleconference requirements.	SB 707 makes numerous changes to the rules governing local agency public meetings pursuant to the Ralph M. Brown Act (Brown Act) to, among other things, increase public access and extend teleconferencing flexibilities.	Signed Into Law Chapter #327, Statutes of 2025	Golden Gate Bridge - Watch
<u>SB 752</u> (Richardson D) Sales and use taxes: exemptions: California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project: transit buses.	This bill would extend by two years the sunset date on the existing state sales tax exemption on the purchase of zero emission transit buses. The current exemption is set to expire on January 1, 2026. This bill would push it back to January 1, 2028.	SENATE APPROPS Held on Suspense File	Golden Gate Bridge - Watch

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