

**Metropolitan Transportation Commission and Association of Bay Area Governments
Joint MTC ABAG Legislation Committee**

February 9, 2024

Agenda Item 3a

2024 State Legislative Session Update

Subject:

Overview of the legislative landscape in Sacramento as it relates to the MTC/ABAG 2024 Advocacy Program.

Summary:

The California Legislature's 2024 legislative session has commenced and as expected, California is facing another tough budget year. The Governor's January Budget estimated a \$38 billion budget shortfall while the Legislative Analyst's Office in December 2023 projected the shortfall could be as high as \$68 billion. This budget challenge is shaping much of the discussion in Sacramento.

First, transportation, housing and climate partners are heavily focused on maintaining state support (via the General Fund) for transit resources committed through last year's \$5.1 billion transit funding deal as well as ongoing state investment in housing and climate programs, both of which the Governor's January budget proposed to cut. Many lawmakers in Sacramento, including the new Assembly Speaker Robert Rivas, identify housing, homelessness and climate among their top priorities. However, the estimated budget shortfall means those priorities are in competition with other essential General Fund expenditures, including health care and education. MTC/ABAG and our housing partners are also gearing up to defend against the Governor's proposed cuts to previously appropriated funds for the second installment of the Regional Early Action Program (REAP 2.0) grant program (which MTC had been planning to invest in both housing affordability and transit programs) and other vital housing affordability programs. With respect to REAP 2.0, see Attachment A for a summary of the key elements of MTC's proposed \$102 million spending plan, which had ironically been approved by the Department of Housing and Community Development around the time the Governor's 50 percent cut was proposed. Given the budget constraints, lawmakers are gearing up to ask California voters to step in and fund legislative priorities, both with state bonds and through self-help. Specifically, Assemblymember Aguiar-Curry is proceeding with clean-up legislation to last year's Assembly

Constitutional Amendment (ACA) 1 to increase the likelihood of success at the ballot. ACA 1 would reduce to 55 percent the threshold for voter approval for local infrastructure bonds and special taxes. Lawmakers are also discussing a range of state bonds that could be placed before the voters in November, including Assemblymember Wicks' housing bond (AB 1657) and a proposed state climate bond (SB 867 (Allen)/AB 1567 (Garcia)); each of these bills are two-year bills awaiting action in the second house. MTC's sponsored bill (SB 925 (Wiener)) seeking authorization to place a regional transportation revenue measure on the ballot also looks to voters to address the Bay Area's significant transportation funding needs rather than the state's overextended General Fund.

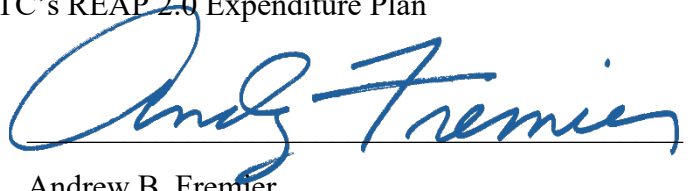
In summary, transportation, housing and climate policy appear to continue to be high priorities for the legislature, with dozens of bills on these topics introduced to date, and many more expected before the February 16 bill introduction deadline. The MTC/ABAG Legislative History (Agenda Item 2b) lists the bills staff is tracking. Staff will provide a verbal update highlighting key bills of note that are relevant to our 2024 Advocacy Program.

Recommendation:

Information

Attachments:

- Attachment A: Key Elements of MTC's REAP 2.0 Expenditure Plan



Andrew B. Fremier