



January 8, 2021

TO: Board Members, Transportation Authority of Marin  
 FROM: Gus Khouri, President  
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**RE: STATE LEGISLATIVE UPDATE – JANUARY 2021**

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**2020 ELECTION RESULTS**

Similar to results nationally, both political parties can claim victories within California.

In the 40-member State Senate, Democrats will pick up 2 seats. The balance of power in the Senate will be 31 Democrats and 9 Republicans. A special election will need to be called once Senator Holly Mitchell vacates her current seat, District 30 (a safe Democratic seat) for the Los Angeles Board of Supervisors. Senator McGuire’s seat was not up for election this cycle.

In the 80-member State Assembly, Republicans will pick up at least one seat as a result of a Democrat not making the runoff in Assembly District 38 (was held by Christy Smith, who lost a tight race for Congressional District 25). The composition of the Assembly will be 60 Democrats, 19 Republicans, and one Independent. Of the 53 Congressional seats in California, Democrats have lost four seats (Congressional Districts 21, 25, 39, and 48). Democrats will make up 42 seats, whereas Republicans will hold 11 seats. New members of the California Legislature were sworn into office on December 7, 2020. The Legislature will reconvene on January 11, 2021 to begin the new session.

With the election of Senator Kamala Harris as Vice President, Governor Gavin Newsom will fill the US Senate vacancy with, Secretary of State Alex Padilla, who ran Governor Newsom’s initial bid for Governor in 2010. San Diego Assembly Member, Shirley Weber, has been appointed to succeed Padilla as Secretary of State. Governor Newsom will also have an opportunity to appoint a new Attorney General given Xavier Becerra’s appointment by President-elect Biden to serve as secretary for Secretary of Health and Human Services.

**Marin County Delegation**

U.S House of Representatives District 2	<b>Jared Huffman (D)*</b> Dale K. Mensing (R)	<b>293,275 – 75.8%</b> 91,690 – 24.2%
Assembly District 10	<b>Marc Levine (D)*</b> John P. McDonnell (R)	<b>158,249 – 65.7%</b> 82,630 – 34.3%

## **Governor's Proposed FY 2021-22 State Budget**

On January 8, Governor Newsom released his proposed FY 2021-22 State Budget. The 2021-22 Budget, which contains \$164 billion in General Fund spending (\$227 billion with special funds) is projected to have a healthy one-time surplus of \$34 billion. Of this amount, the reserves include: \$15.6 from the Proposition 2 Rainy Day Fund; \$450 million from the Safety Net reserve; \$3 billion from the Public School System Stabilization Account; an \$2.9 billion from the state's operating reserve, which helps to solve a \$54.3 billion deficit due to the COVID-19 pandemic induced recession. In addition, over \$10 billion in anticipated federal assistance is to close the deficit. While unemployment rates have dropped from 16.4% last May to about 8% this January, the Governor projects a structural deficit of \$7.6 billion for FY 2022-23, and that is expected to grow to \$11 billion by FY 2024-25. Of the \$887 billion available nationally from the Coronavirus Response and Relief Supplemental Appropriations Act, the state is expected to receive \$105.5 billion, with \$42 billion going to individuals and families.

The Governor Gavin Newsom also released a \$4.5 billion Equitable Recovery for California's Businesses and Jobs plan, the business and workforce recovery elements of his 2021-22 State Budget that will help California through the COVID-19 pandemic recovery. In recognition of the devastating impacts of the COVID-19 pandemic, the Governor proposes \$3 billion of relief to low-income workers who eligible to receive the earned income tax credit (\$2.4 billion), small business and non-profit assistance (\$575 million), and waiving fees for restaurants and personal services (\$800 franchise tax). This includes \$300 million in one-time General Fund revenues for the most critical statewide deferred maintenance, including greening of state infrastructure. This proposal is intended to create jobs in California while achieving the state's climate goals. Projects include the installation of electric vehicle charging stations at state-owned facilities. An additional \$1.5 billion investment is included to accelerate the state's progress toward these goals while creating jobs. The proposal will support jobs and economic growth and provide air quality benefits and support for low-income Californians to purchase cleaner vehicles. Funds will support purchases of clean trucks, buses and off-road freight equipment and Clean Cars 4 All programs. It will also support job-creating construction of electric charging and hydrogen fueling stations necessary to accelerate zero-emission vehicle adoption. The package builds upon Executive Order N-79-20, which mandates no gas-powered passenger vehicle sales by 2035, which will force a conversion to an alternative fuel source.

## **Transportation Funding**

The lack of fuel consumption due to the Governor's shelter in place executive order has resulted in an estimated \$1.5 billion reduction of gas tax receipts through FY 2024-25, which will undoubtedly impact funding for local streets and roads, the State Highway Operations and Protection Program (SHOPP), which focus on maintaining our state highway system, and the State Transportation Improvement Program (STIP), which provides funding for future multi-modal transportation improvements throughout California. For FY 2020-21 through FY 2023-24, \$17.4 billion is programmed for the SHOPP and \$2.4 billion for the STIP.

The federal stimulus package will provide some much-needed relief for public transportation operations (\$2 billion) and highway projects (\$900 million). There will be pending legislation o determine the distribution of federal funds. The state has also received over \$500 million in the redistribution of unused funding from other states. This is in addition to the \$3.7 billion that was received last year through the CARES Act to help transit agencies.

The State Transit Assistance Program is estimated at \$667 million for FY 21-22, a decrease of \$127 million (\$696 million) from the FY 2020-21 January figure (revised to \$414 million in May), and \$107

## Item 6 - Supplemental

million for the Low Carbon Transit Operations Program, which is down \$8 million (\$125 million) from FY 2020-21.

### **Governor's Transportation Action Plan**

The California State Transportation Agency in collaboration with the Governor's Office of Planning and Research (OPR) and California Air Resources Board (CARB) is in the process of adding additional guidance to supplement Governor Newsom's Executive Order, N-19-19, to reduce greenhouse gas emissions and vehicle miles traveled through limiting capacity projects along the state highway system, discouraging the use of single-occupant, gas powered vehicles, while encouraging mode shift through accelerated investments into public transportation, bicycle and pedestrian programs, and electric vehicle infrastructure. The policy could require TAM to reassess its ability to leverage voter-approved investments as articulated in the expenditure plans for Measure AA since CARB and OPR wants to have the final say on capacity-inducing projects and the availability of state investments made on the state highway system. While the state clearly cannot make adjustments to locally approved sales tax expenditure plans, it is the owner/operator of the state highway system, and it reserves the right to place local funds on a state-owned asset and authorize the availability of state resources, which could call into the question the leveraging power of local sales tax revenues, as well as the ability to deliver certain projects. While tolling/congestion pricing is identified as a continued strategy, this may impact or require innovation for the addressing Highway 37 or the I-580/101 connector project.

On September 23, Governor Newsom announced Executive Order N-76-20, which would require all vehicle sales by 2035 be zero-emission vehicles (passenger cars and trucks). The order builds on the previous memorandum of understanding that was established with four car manufacturers last September to increase fuel economy. Governor Newsom alluded to more forthcoming details with respect to the investments into electric vehicle infrastructure and rebates for electric vehicle purchases. A successor funding source to the gas tax would need to be examined since transportation funding is heavily dependent on petroleum consumption. Expanding upon the vehicle registration fee in SB 1 merits consideration given that it is progressive, agnostic on fuel source, and would provide predictable, stable funding.

On October 20, CalSTA held a workshop to discuss the Climate Action Plan for Transportation Infrastructure (CAPTI). The plan is a confluence of objectives that builds on previous executive orders to reduce vehicle miles traveled and make additional investments into multi-modal options without capacity improvements to the state highway system. The Governor's goal is to have a plan adopted by Spring of 2021. CARB and OPR, in particular, have expressed concern that local sales tax measure plans are too reliant on passenger vehicle usage.