



-VIA ELECTRONIC MAIL-

May 23, 2022

To: Stacy Taylor, Mesa Water District
From: Dennis Albiani and Anthony Molina, California Advocates
Subject: May 2022 Report

The California Legislature is currently operating at its busiest time of the legislative calendar. Kicking off the second half of the “big game” last week, Governor Newsom presented his May Revise, which proposes a spending plan of \$300.7 billion. During the Governor’s presentation, it was noted that California is operating with an “unprecedented” budget surplus of \$97.5 billion – the largest amount ever for any single state. The Legislature will now begin negotiations with the Administration on shaping and balancing California’s Budget. The next key deadline for the Budget is June 15th – at this time, the Budget must be passed by the Legislature and sent to the Governor for signature or veto. The Budget sent to the Governor’s desk will primarily be a framework with significant budget augmentations. The final details of the budget augmentations will continue to be worked out over the next several months through Budget trailer bills. The process will continue until the end of the legislative session.

Moreover, on the legislative front, each respective house of the Legislature held its Appropriations “Suspense File” hearing last week. The California State Senate had 354 bills on its “Suspense File” and passed out 302 bills to the Senate Floor. The California State Assembly had 604 bills on the “Suspense File,” and 430 bills passed to the Assembly Floor. This sets up next week’s “House of Origin” deadline, where bills must pass out of their respective house by May 27th. There will be several bills that will stall and not move forward for the remainder of the year. Those successful bills will remain active and start the legislative process over in the second house.

And lastly, California’s primary elections are less than three weeks out. There will be several high contested statewide races, state legislative races, and congressional races. Once results begin to be processed, we will provide an update on all key races.

Mesa Water District Legislative Tracking with Bill Positions

AB 2016 (Bauer-Kahan) State Water Resources Control Board: desalination plant: feasibility study.

This bill requests the California Council on Science and Technology in coordination with the Department of Water Resources, to undertake a comprehensive feasibility study of brackish water, ocean water, and groundwater desalination along the San Francisco Bay and submit the study to the Legislature no later than January 1, 2025.

Position: Support
Status: Assembly Floor.

AB 2041 (E. Garcia) California Safe Drinking Water Act: primary drinking water standards: compliance.

This bill will require the Division of Drinking Water (DDW) under the State Water Resources Control Board (SWRCB) would be required to devise a plan and determine funding to help small water systems comply with new drinking water regulatory standards.

Position: Support
Status: Held on the Assembly "Suspense File."

AB 2054 (Quirk-Silva) Corporation taxes: exempt organizations: mutual ditch or irrigation companies: public water system: mutual water companies.

This bill conforms to the California Revenue and Taxation Code with Section 501(c)(12) of the Internal Revenue Code, which provides federal tax-exempt status for mutual water companies.

Position: Support
Status: Held on the Assembly "Suspense File."

AB 2142 (Gabriel) Income taxes: exclusion: turf replacement water conservation program.

This bill would reinstate an important exemption for turf replacement rebates from gross income in California, aligning with certain other permanently exempt water efficiency rebates (E.g., toilet, clothes washers).

Position: Support
Status: Assembly Floor.

AB 2449 (Rubio) Open meetings: local agencies: teleconferences.

This bill will eliminate the previously existing concept of teleconference locations and will revise notice requirements to allow for greater public participation in teleconference meetings of local agencies. The bill does not require teleconferencing, rather it modernizes existing law to ensure greater public participation in meetings of the legislative bodies of local agencies that choose to utilize teleconferencing.

Position: Support
Status: Assembly Floor.

SB 892 (Hurtado) Cybersecurity preparedness: food and agriculture sector and water and wastewater systems sector.

This bill requires companies in the food and agriculture industry to report to the California Department of Food and Agriculture and California Cybersecurity Integration Center (CSIC) instances of a verified cyber threat or cyberattack within 30 days. It also requires actors in the water and wastewater sector to disclose risk assessments and emergency response plans to CSIC and state water authorities. Finally, the bill directs Cal-OES and CSIC to develop plans to

increase outreach for cybersecurity preparedness as well as identify potential funding sources that support cybersecurity.

Position: Oppose, Unless Amended

Status: Senate Floor.

SB 1157 (Hertzberg) Urban water use objectives: indoor residential water use.

This bill would eliminate the option of using the greater of 52.5 gallons per capita daily and the greater of 50 gallons per capita daily as the standard for indoor residential water use. The bill would instead require that from January 1, 2025, to January 1, 2030, the standard for indoor residential water use be 47 gallons per capita daily, and beginning January 1, 2030, the standard be 42 gallons per capita daily.

Position: Oppose

Status: Assembly Water, Parks, and Wildlife Committee.

Two-year Bill Tracking

SB 222 (Dodd) Water Affordability Assistance Program.

This bill would establish the Water Affordability Assistance Fund in the State Treasury to help provide water affordability assistance, for both drinking water and wastewater services, to low-income ratepayers and ratepayers experiencing economic hardship in California. The bill would make money in the fund available upon appropriation by the Legislature to the state board to provide direct water bill assistance, water bill credits, water crisis assistance, affordability assistance, and short-term assistance to public water systems to administer program components.

Position: Oppose Unless Amended

Status: Assembly Floor, Inactive File

Budget Update

Governor Gavin Newsom presented his May Revise, proposing a spending plan of \$300.7 billion. Currently, California operates with an “unprecedented” budget surplus of \$97.5 billion. To prepare for an uncertain future, the May Revision reflects \$37.1 billion in budgetary reserves, which include:

- \$23.3 billion in the Rainy-Day Fund for fiscal emergencies.
- \$9.5 billion in the Public School System Stabilization Account.
- \$900 million in the Safety Net Reserve.
- \$3.4 billion in the state’s operating reserve.

Furthermore, key topics/themes in the Governor’s May Revise include:

- Budget relief from rising inflation.
- Ensuring public safety.
- Addressing homelessness.
- Transforming public education.

- Combating climate change.

Below is a list of the high-level investments made in the May Revision:

\$18.1 Billion Inflation Relief – Direct payments to help address inflation, help people pay their utility bills and rent, and reduce healthcare and childcare costs.

\$47.1 billion climate commitment – An increase of \$32 billion this year to tackle pollution, build climate-resilient water supplies, reduce the risk of catastrophic wildfires, ensure grid reliability, accelerate clean energy solutions, and protect communities from extreme heat.

\$37 billion to rebuild California – Money for infrastructure, including broadband and new housing, and a historic investment of \$128.3 billion to transform public education.

\$14.7 billion to confront homelessness and the mental health crisis – Investments to help get people off our streets and into the services and care they need, particularly Californians who suffer from mental health and substance use disorders.

\$660 million to ensure public safety – Funding for new officers and mental health support for law enforcement, support for victims of sex trafficking, cracking down on internet crimes against children, and tackling the opioid crisis.

Lastly, the May Revision does not exceed the State Appropriations Limit (Gann Limit) – it is under by approximately \$2.6 billion. However, the limit may be exceeded in future years. Due to the State Appropriations Limit, committing to additional ongoing spending will make it much more challenging to meet all constitutional obligations, even if the economy grows faster than forecast. Given the uncertain future, it remains essential for the state to focus mainly on one-time expenditures to maintain fiscal stability. Keeping a balanced budget over the long term will minimize disruptions to critical programs such as education and health care when revenues decline.

Water and Drought Resilience Highlights

The Governor's Budget proposed an additional drought resilience investment of \$750 million General Fund, with a focus on drought relief and promoting water conservation. Given the intensification of drought since January, the May Revision includes an additional \$1.3 billion General Fund for drought resilience and response designed to help communities and fish and wildlife avoid immediate negative impacts as a result of extreme drought while continuing to advance projects and programs that prepare the state to be more resilient to future droughts.

Significant Investments include:

- \$530 million to support water recycling and groundwater cleanup; advance drinking water and clean water projects that leverage significant federal infrastructure funds; and continue aqueduct solar pilots.
- \$553 million to provide grants to urban water districts and smaller community water suppliers for drought-relief projects; support data, research, and public education campaigns; support local technical assistance emergency drinking water response, including the purchase and pre-positioning of water storage tanks; enhance water

rights enforcement and modernization tools; and support food assistance programs for farmworkers impacted by drought.

- \$280 million to address fish and wildlife impacts associated with drought and climate change, and to build aquatic habitat and water resilience projects to support the implementation of voluntary agreements with water suppliers.
- \$187 million to support agricultural water conservation practices; incentivize farmers to install more efficient irrigation equipment and provide on-farm technical assistance; provide direct relief to small farm operators; and support additional water conservation projects.
- \$1.2 million General Fund ongoing for the Judicial Council to address climate, environmental, and water-related legal disputes
- \$75 million one-time General Fund to support the California Small Agricultural Business Drought Relief Grant Program to provide direct assistance to eligible agriculture-related businesses that have been impacted by severe drought conditions.
- The May Revision also includes \$1.2 billion to address residential electric utility arrearages through the Department of Community Services and Development to mitigate the outstanding debt leading to increased utility rates. The May Revision also includes \$200 million to address residential water and wastewater arrearages.

Regulatory

Department of Industrial Relations (DIR)

Cal/OSHA posted fact sheets and updated its [FAQs on COVID-19 Prevention Emergency Temporary Standards](#) (ETS) to reflect revisions adopted by the Occupational Safety and Health Standards Board on April 21, 2022. The ETS revisions incorporate updated guidance from the California Department of Public Health (CDPH) and make the ETS more flexible if changes are made to CDPH guidance in the future. The updated ETS standards are in effect now through December 31, 2022.

California Air Resources Board (CARB)

CARB's Draft 2022 Scoping Plan Update (Draft 2022 Scoping Plan) is available for 45-day public review. To be considered by the Board, written comments not submitted during the meeting must be received no later than June 24, 2022. The Draft 2022 Scoping Plan assesses progress toward the statutory 2030 target while laying out a path to achieving carbon neutrality no later than 2045. The Draft 2022 Scoping plan can be found [HERE](#).

State Water Resources Control Board (SWRCB)

Address SWRC Board decision to base mandatory conservation requirements on the actual water supply conditions for each urban supplier called "stress test." We assisted in the strategy, coordination, and comments development. Comments were submitted on May 22.

Water Resources Association – Mountain Counties

CalAd solicited participation from Secretary of Natural Resources Wade Crowfoot and SWRCB member Dee Dee D'Adamo for the event and coordinated with Mesa Water staff for their participation. The event will occur June 22-24.

SWRCB Affordability

Continue to meet with SWRCB members, their water affordability task force, and their key staff to articulate the value of considering the entire cost to provide water and not just the "rate" paid by the retail customer.

Ballot Initiative Update

1920. (21-0026A1)

LIMITS STATE AND LOCAL GOVERNMENTS ABILITY TO RAISE REVENUES FOR GOVERNMENT SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT.

For new state taxes, requires voter approval (added to the current requirement that Legislature approves by two-thirds vote any taxes it proposes). For new local taxes, the local governing body must approve by two-thirds any taxes it proposes, and voters' approval must occur in a general election. Expands the definition of "taxes" to include certain regulatory fees, broadening the application of approval requirements. Requires Legislature or local governing body to approve all other fees by a two-thirds vote. Requires that tax measures specifically limit how revenues may be spent.

Status: This proposal was withdrawn by the proponent on January 4, 2022.

1935. (21-0042A1)

LIMITS ABILITY OF VOTERS AND STATE AND LOCAL GOVERNMENTS TO RAISE REVENUES FOR GOVERNMENT SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT.

New or increased state taxes currently enacted by a two-thirds vote of the Legislature, also requires statewide election and majority voter approval. Limits voters' ability to pass voter-proposed local special taxes by raising the vote requirement to two-thirds. Eliminates voters' ability to advise how to spend revenues from the proposed general tax on the same ballot as the proposed tax. Expands the definition of "taxes" to include certain regulatory fees, broadening the application of tax approval requirements. Requires Legislature or local governing body set certain other fees.

Status: This proposal did not reach the signature threshold and will not be on the 2022 ballot. The proponents have moved this proposed ballot initiative to the 2024 ballot – should it meet the signature threshold to qualify.

Key Dates and Deadlines

May

May 23-27 – Floor session only. No committee may meet for any purpose except for Rules Committee; bills referred pursuant to Assembly Rule 77.2, and Conference Committees.

May 27 – Last day for each house to pass bills introduced in that house.

May 30 – Memorial Day.

May 31 – Committee meetings may resume.

June

June 15 – Budget Bill must be passed by midnight.

June 30 – Last day for a legislative measure to qualify for the Nov. 8 General Election ballot.

August

July 1 – Last day for policy committees to meet and report bills.

Summer Recess begins upon adjournment, provided Budget Bill has been passed.

July 4 – Independence Day.

July

Jul. 1 – Last day for policy committees to meet. Summer Recess begins.

Jul. 4 – Independence Day.

August

Aug. 1 – Legislature reconvenes from Summer Recess

Aug. 12 – Last day for fiscal committees to meet and report bills.

Aug. 15 - 31. – Floor session only.

Aug. 25 – Last day to amend bills on the floor.

Aug. 31 – End of Session at midnight. Fall recess begins.